Daily Report

Latin America

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FBIS-LAT-96-100 *22 May 1996*

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Cuba

Cuba: Report Notes Pending Arrival of Russia's Primakov

PA2105225796 Havana Radio Rebelde Network in Spanish 1700 GMT 21 May 96

[Report by Lidia Sardinas; from the "National Radio News" newscast]

[FBIS Translated Text] Russian Foreign Minister Yevgeniy Primakov will arrive in Havana this afternoon, at the request of Cuban Foreign Minister Roberto Robaina, for an official visit that will conclude next Thursday. During his visit to our country, Primakov will meet with Cuban Government leaders to discuss topics related to international policy, bilateral ties, and measures to revitalize the links between Russia and Cuba. The Russian foreign minister will arrive in Cuba from Mexico as part of his first tour to Latin American with the objective of promoting bilateral relations in this area.

Cuba: Russian FM Primakov Arrives on Official Visit

PA2205013896 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 22 May 96

[From the "NTV" newscast]

[FBIS Translated Text] Russian Foreign Minister Yevgeniy Primakov arrived from Mexico this afternoon. Cuban Foreign Minister Roberto Robaina welcomed him.

Primakov and his accompanying delegation arrived from Mexico, which was their first destination during their trip that includes Venezuela. Various accredited diplomats, Cuban Ambassador to Russia Carlos Palmarola, and Russian Ambassador to Cuba Arnold Kalinin welcomed Primakov and his delegation.

Primakov underscored that Russia and Cuba have a long history of bilateral ties, adding that their mutual sympathy and enormous current possibilities suggest that these ties will become stronger in the future. The Russian foreign minister said that he had a negative opinion of the Helms-Burton law, which he hoped the United States would not implement.

The Russian foreign minister will stay for two days in our country. He will have a busy work schedule, including meetings with Cuban leaders, the signing of agreements, and a news conference, among other activities.

Primakov was appointed head of the Russian diplomacy on 9 January. This is the first time that he is visiting the Americas as foreign minister. Throughout this decade, he has served as head of the Soviet State Security Council and of the Intelligence Service for Overseas. He is considered as an experienced and qualified politician.

Cuba: Alarcon Hails Russia's Approval of Investment Accord

PA2105205296 Havana Radio Havana Cuba in Spanish 0000 GMT 20 May 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP], has described as positive the decision by the Russian Duma to approve the agreement signed with Cuba for the reciprocal promotion and protection of investments.

In a statement made in Havana, Alarcon indicated that this decision is in keeping with the Russian Duma's stance against the U.S. blockade on Cuba and the Helms-Burton law, designed to tighten the economic siege of the island. Alarcon pointed out that relations between Russia and Cuba are normal. He also announced that an ANPP delegation will travel to Moscow this month and (Gennadiy Selesniyov), chairman of the Russian State Duma, will arrive in Havana soon.

Cuba: Light Industry Minister Visits Beijing

PA2105154096 Havana PRENSA LATINA in Spanish 1520 GMT 20 May 96

[FBIS Translated Text] Beijing, 20 May (PL) — A Cuban delegation headed by Light Industry Minister Jesus Perez Othon is visiting here to learn about China's textile and shoe industries.

In a conversation with PRENSA LATINA, Perez Othon said that these are two areas that Cuba is developing. He added: Although the visit is not limited to the light industry, we are interested in watching these two sectors to learn and seek formulas for rapprochement.

Perez Othon met today with Shi Guangsheng, vice minister of foreign trade and economic cooperation (MOFTEC); Yu Zhen, chairman of the Light Industry Council; and Rinchuan Jun, vice minister of the Textile Council. He also visited the Ba Li Zhuang Factory, which makes cotton products in this capital.

The minister said that the topics of conversation were very interesting because views were exchanged on management reform and its link with socialism.

Perez Othon's stay in China is full of activities in order to get the broadest view possible, particularly with regard to how China approaches the reconversion

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and modernization of enterprises and the economic mechanisms, the minister noted.

Perez Othon arrived in Beijing yesterday, invited by Wu Wenying, chairman of the Textile Council, to also tour other factories in Shanghai, Guangzhou, and Shenzhen within a 10-day period.

On the occasion of a visit by Wu Wenying to Cuba some months ago, a document was signed containing 24 draft negotiations. The Cuban delegation has expressed interest in acquiring denim, jute sacs, polypropylene, and cotton.

With regard to cotton, we are facing difficulties in processing rather than in volume, Perez Othon explained, because of the intricacies that uniform characteristics entail. Such characteristics are present only if the cotton is obtained in one place.

Cuba: Statement on Diplomatic Ties With Dominica Signed

OW2005171996 Beijing XINHUA in English 1717 GMT 20 May 96

[FBIS Transcribed Text] Havana, May 18 (XINHUA) — Cuba and the Commonwealth of Dominica signed a joint statement today establishing diplomatic relations, according to sources here.

Prime Minister and Foreign Minister Edison James of Dominica and Cuban Foreign Minister Roberto Robaina Gonzalez put their names to the document in Dominica's capital, Roseau.

Before the signing ceremony, Robaina gave James a letter from Cuban President Fidel Castro, in which the Cuban leader expresses satisfaction with the desire of the two nations to tighten their links.

On his part, James said that the establishment of diplomatic links contributes to the strengthening of the Association of Caribbean Nations, of which they are members.

James added that his country is willing to further develop relations with the Antilles countries for common benefits.

The Cuban diplomat invited James to visit Cuba at his convenience.

Cuba: Decree Issued on Economy's Preparation for Defense

PA2105143896 Havana PRENSA LATINA in Spanish 1445 GMT 18 May 96

[FBIS Translated Text] Havana, 18 May (PL) — The Executive Committee of the Cuban Council of Ministers disclosed today a decree that comprises, as part of the country's planning process, the preparation of the economy for the country's defense.

The document, the contents of which was published by GRANMA newspaper, states that all of the nation's resources and activities, regardless of their nature, may be employed by the government to satisfy the defense needs during exceptional situations.

The document also notes that such preparation is to be organized based on the directives handed down by high-level officials and will be based on territoriality.

The decree notes the responsibilities of state entities, economic entities, and social institutions in times of peace and during the transition of the economy to an exceptional situation in a gradual or progressive manner and during the time the situation lasts.

It describes aspects, such as the guarantee to feed the troops and the population, the supply of water, the way in which monetary-commercial relations are maintained, financial and tax systems, salaries, social security regimes, as well as scientific and technological activities.

It also includes the protection of natural resources, the environment, and property, including proper treatment of foreigners and protection of diplomatic missions.

Likewise, the decree states that the compatibility of national economic and social development with the country's defense interests is determined after consultation with the proper entities when the investments are made, from the preinvestment stages to their operational stages. These include national and foreign investments.

As for the efficient organization of the preparation of the economy for the country's defense, the decree classifies the attributions and duties of the Council of Ministers, Armed Forces, Civil Defense, local entities of the people's government, economic entities, and social institutions, among others.

Cuba: Castro Discusses Camping in Pinar del Rio Province

PA2105201796 Havana Cubavision Network in Spanish at 0105 GMT 17 May 96

[Speech by President Fidel Castro at the ceremony commemorating the 15th anniversary of the National Parks and Recreation Program at the Dos Hermanas Camp, Vinales, Pinar del Rio Province — recorded]

[FBIS Summary] Cuban President Fidel Castro closes the ceremony with a speech in which he discusses camping in Pinar del Rio and recalls that in the past he and some friends would go camping whenever he

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had two or three free days on the weekend. He says: "Because we did not know very much about geography," we would ask our way around.

Castro says the idea to build hotels for national tourism came from camping. Los Jasmines, in the mountains, and La Hermita, in the valley, were the first hotels the revolution had built, he says: "The idea of popular camping had not risen yet; that came later," Castro says. He says he visited Pinar del Rio often and realized its economic potential in "rice, wood, and tobacco in particular," adding that it was "a poor, exploited province." Castro says that large landowners owned the valleys and the peasants had to pay "one-third or 40 percent of their harvest" to the landowners. He says one of the provinces that would benefit the most from the agrarian reform was Pinar del Rio.

Castro says international tourism was not promoted for 12 or 14 years due to the lack of experience in that field. Says he: "We discovered that everyone wanted to go to Varadero Beach for vacations." Castro adds, however, that there were very few accommodations in beach areas, and even if more accommodations were built, they could never accommodate everyone. "I always have believed it was necessary to develop other alternatives," Castro says, remarking that new roads have made forests and landscape accessible and put to use rivers not fit for producing energy but good for rowing, sailing, and other recreational activities. There had to be a way for every citizen to rest in these surroundings, but how could it be done at a low cost, says Castro. He says it was decided to use tents, because Poland sent a number of tents every year in trade exchanges, and rubber rafts were received from another socialist country.

Castro says food was another difficult problem, because there was no food supply available in these areas. "The food industry was asked to develop products for camping; thus, the camping movement was born."

Castro says the transportation issue also had to be resolved. He recalls that there was a Giron automobile plant in Cuba at that time and that many buses were assigned to be used for camping purposes only. Approximately 251 buses out of 500 are reserved for this service to this day, but they consume too much gasoline and spare parts, because the buses came from the USSR, he says. The special period affected the camping movement, because fuel was restricted, Castro adds, stating: "The Soviet Union would supply us buses, and the tankers followed behind them." "One of our priorities was to re-motorize these buses." Castro says this "new word re-motorize" means to replace Soviet-built motors with other ones, because Soviet-built motors use too much fuel. He said new motors use 75 percent less fuel than Soviet-built motors.

Returning to the subject of camping, Castro notes the type of facilities existing at camping installations and says they have been improved. Castro says foreign tourists have become interested in visiting camping areas. He then discusses the existence of prehistoric sites in the area of Vinales and says Earth has existed for billions of years. Castro says the camping sector is nonprofit, adding that the savings and efficiency of the camping institution are praiseworthy. He says: "We were the first country in the world to truly establish eco-tourism and on a large scale." He says nature is the first consideration in constructing any installation.

"This ceremony is to honor this province, which has worked hard in all fields," Castro says, stating that Pinar del Rio Province, burdened by problems raised by heavy rains, has, nevertheless, been able to save harvests; this was true last year and also this year, he says.

Castro says that the province this year produced 5 million more bundles of tobacco, "25 percent more than last year, and it is said that this tobacco is of better quality and that this country can export all the tobacco it produces," the Cuban President says.

Says he: "Hundreds of thousands of workers" are working on sugar and tobacco fields right now. "It is appropriate," he says, "for us to remember them in an afternoon such as today and that we point out their heroism, honor, patriotic spirit, and the manner in which they are working with the passion growing throughout the country."

"I believe," Castro says in concluding his speech, "I have forgotten no one, least of all you, but it is raining harder, and we have to work very much these days, and it is not good for you to get too wet. I congratulate all of you and will finish by saying: Socialism or death! Fatherland or death!"

Cuba: Newly Rich Cubans Profiled

96CA0174A Santa Fe de Bogota EL TIEMPO in Spanish 28 Apr 96 p 27A

[Article by Luis Hernan Reina: "The 'Macetas': Cuba's Nouveaux Riches"]

[FBIS Translated Text] Every Sunday, Chicho Martinez gets up early and starts his ritual: He dons a pair of immaculate white pants and brightly colored shirt, hangs six "trallas" [heavy gold chains] around his neck, adds his Santeria necklace, and stuffs a fat roll of $1 and $5 bills into his pocket.

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Serving him breakfast is his current girlfriend Glady, a "mulata" 20 years his junior who has poured herself into "pitusa" (blue jeans) to show off her dancer's figure.

After finishing their coffee, they jump into his Lada with the tinted windows and, tape player going full blast pumping out the latest salsa hit, set out looking for friends. Once together, the group stops at a service station to buy two sixpacks of beer before heading for the beach, where they will spend the day.

While this Sunday ritual might go unnoticed in Colombia, it is something new in Cuba and features Chicho as a member of a burgeoning new social class in Cuba called the "macetas" [profiteers].

It is difficult to define precisely what a maceta is, particularly when one takes into account the fact that they are of two sorts: the government kind and the garden-grown variety. The island government views the macetas as criminals who engage in some illegal business seeking to make a substantial profit at the expense of the rest of society. On the street, however, the perception is completely different. The average Cuban views the maceta as a businessman, a man who has made it on his own.

For the common people, the term does not convey a pejorative meaning. On the contrary, it is used with admiration and heard with pride.

The phenomenon of the maceta emerged with the beginning of the so-called "special period," which was a direct result of the acute economic crisis set off by the disappearance of the Soviet Union.

Caught between a rock and a hard place, many people began to do business on the black market, where everything that one cannot possibly obtain using the notorious "libreta" [ration book] can be found.

Variety of Businesses

The maceta does not engage in any specific business in particular. He may buy and sell clothes or exchange dollars. He might repair household appliances or buy television sets not in working order, then fix and sell them. Others become middlemen dealing with farmers, buying and selling food.

In short, one can become a maceta in any business, inasmuch as what characterizes the group is not how the money is made, but rather, how the money is used once it is obtained.

The stereotype of the maceta is well-defined: His car must have tinted windows, "boom box," wide tires, and as many lights as one can put on it. Clothes must be flashy: Hawaiian shirts (multicolored), leather shoes (preferably white), and a pile of thick gold chains whenever one goes out. Wives and girlfriends must be young and shapely, wonderful dancers, and dress very provocatively.

The maceta is a man who has "made it" and wants to demonstrate the fact in every aspect of his life. Anyone not meeting these parameters will never make it as a maceta, however much money he rakes in, and even if he engages in some activity that routinely does business with them. Being a maceta implies a whole lifestyle.

As would be normal, this new social class has created its own jargon. The term "resolve" (handle illegally), in common usage among all Cubans nowadays, was "coined" by the macetas.

Criminal or Example

The macetas are under constant attack from the Cuban Government, which tries to create a negative social attitude toward them, labeling them as criminals. A year and a half ago, the police launched the so-called Plan Maceta, a series of raids during which those arrested had to prove their income was legal.

The people never accepted the official interpretation, however. In a country where until scarcely a year ago, any attempt to engage in business was illegal, the general perception evolved to the point that many types of business that would be socially unacceptable elsewhere are now viewed as normal in Cuba.

Which is how Chicho came to to make rum at his house in Havana's Vibora District. The liquor is bottled in original containers from well-known brands and the final product sold for $2 or $3 under the official price. Even though he engages in the adulteration of alcohol, his friends and those close to him are aware of the fact, view it as normal, and consider Chicho a model businessman.

On this very subject, one University of Havana sociologist says: "The phenomenon of the maceta has spread to the point that it is now deeply rooted in Cuban society. This is the first palpable social class that has emerged on the island since the triumph of the Revolution in 1959. They are the people's version of the capitalist, a phenomenon which, despite government condemnation, is holding firm and gaining in popularity among the people."

Whatever the case, if someone should happen to go to Cuba and meet up with the living image of a successful salsa singer, let there be no mistake about it: This is Chicho, a man who, for a few "fulas" (dollars), can "resolve" a bottle or case of rum for him.

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Cuba: Roundup of Economic Developments Through 21 May

PA2105154196

[FBIS Report] The following is a compilation of reports on economic developments in Cuba monitored through 21 May.

According to a Havana, 13 May-datelined report, Cubanacan, the leading Cuban tourism group, is planning to set up a corporate intelligence center as part of a business reorganization plan aimed at becoming more competitive on the foreign market. The center will gather, organize, analyze, and distribute information for decision making and strategic purposes. In 1995, Cubanacan welcomed 46 percent of visitors to Cuba and reported profits totaling $120 million on revenues exceeding $300 million. (Havana PRENSA LATINA in Spanish 1716 GMT 13 May 96)

The citrus growers in southern Matanzas Province have reported revenues in excess of $8 million from citrus exports. Some 30,000 tons of grapefruit and oranges have been exported to Europe. (Havana Radio Rebelde Network in Spanish 1155 GMT 14 May 96)

Representatives of the Italian institute of Foreign Trade and the Society for Joint Ventures are in Havana holding exploratory talks to study the feasibility of implementing a special EU program aimed at promoting Italian-Cuban joint ventures. (Havana Radio Havana Cuba in Spanish 1300 GMT 17 May 96)

According to Agriculture Ministry sources, more than 32 million bundles of tobacco were gathered during this year's harvest in Pinar del Rio Province. With 100 caballerias yet to be harvested, an 700,000 additional bundles are expected to be gathered. This translates into a 25-percent increase in the production of tobacco leaves. The province produces 75 percent of all the tobacco harvested in Cuba. (Havana Tele Rebelde and Cubavisioin Networks in Spanish 0000 GMT 18 May 96)

According to a Sancti Spiritus, 20 May-datelined report, sources from the Agriculture Ministry's national varied seed enterprise, the Cuban biofactories (biofabricas) are the largest producers of in vitro seedlings in Latin America. The source adds that the 11 Cuban biofactories will this year produce 35.5 million seedlings, 23 million of which will be of a disease-resistant variety of plantain. (Havana PRENSA LATINA in Spanish 1940 GMT 20 May 96)

Jamaica

Jamaica: Haiti's Preval Meets With Officials

PA1805180196 Port-au-Prince Signal FM Radio in Creole 1130 GMT 17 May 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] Haitian President Rene Preval today will end his visit to Jamaica. The Haitian delegation will leave for Kingston today for a stopover in Miami before returning to Port-au-Prince.

The head of the Haitian executive has held several meetings with Jamaican officials, most notably with Prime Minister Percival Patterson, the governor of that country, members of the private sector, unionists, and the rector of the Catholic University in Jamaica. Preval also has met with the opposition leader. He already has met with the Jamaican opposition leader and former Prime Minister Michael Manley, who is hospitalized due to an illness.

Shortly before arriving at Kingston, Preval reiterated the objectives of his visit to that country: To reinforce bilateral relations between the Haitian people and the Jamaican people. We have good reasons to maintain close contact with all Latin American countries, said the president, who will sign a joint declaration with Jamaican authorities. Meanwhile, talks for the resumption of the air link between Haiti and Jamaica continue.

During the trip, Preval was accompanied by Foreign Minister Fritz Longchamp and State Tourism Secretary Maryse Penette. Next month, Preval will travel to Europe where he will visit several countries such as France, Italy, Belgium, and Holland.

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Mexico: Official Views Trade With Russia, Primakov Visit

PA2105180696 Mexico City NOTIMEX in Spanish 0600 GMT 21 May 96

[FBIS Translated Text] Mexico City, 21 May (NOTIMEX) — Mexican Foreign Secretary Miguel Angel Gurria has stated that the number of Mexican and Russian enterprises interested in participating in joint ventures has increased.

During a joint news conference held last night with his Russian counterpart, Yevgeniy Primakov, Gurria mentioned as an example the Aguamilpas hydroelectric project, which is located in northern Nuevo Leon State and involves Russian participation.

Furthermore, he added, the National Foreign Trade Bank of Mexico (Bancomext) granted Mexican financial organizations the right to promote trade between Mexico and Russia, and now various Mexican enterprises operate in that European country's market.

Gurria also revealed that Mexican military authorities have a program to purchase weapons in the Russian Federation according to a budget authorized by the Congress of the Union.

He said military authorities study the markets in all cases, to determine the best source of equipment and to get the best prices and the best equipment.

Referring to a possible trade agreement with Russia, Gurria said it would involve a framework agreement "to promote and participate in trade and to identify sectors in which financial packages can be promoted and provided."

Gurria and Primakov had previously signed various bilateral agreements that will serve as a framework to strengthen relations between the two countries.

This includes a cooperation agreement to use and exploit outer space for peaceful purposes, another one for cooperation in the struggle against drug trafficking, and another one for trade in the spheres of culture, science, and technology.

The two foreign ministers said the Russian Federation and Mexico will continue contacts between the appropriate agencies in the near future, to sign an agreement that prevents double taxation between their nations.

The two foreign ministers also established a protocol for a consultation mechanism on issues of mutual interest, to strengthen a political dialogue between the two countries.

Consulted about the issue of human rights in Mexico, within the framework of its trade relations with the European Union, Gurria said the two parties share an interest on these issues.

The diplomat stated his confidence that the issue will not be a problem for the future negotiation of a trade agreement with Europe, "once we start working on this."

He recalled that international norms on this issue indicate the defense of human rights is the result of a state policy.

The foreign secretariat revealed the head of Russian diplomacy will leave Mexico and travel to Cuba on Tuesday.

Mexico: Zedillo on Economic Achievements, Policy Defense

PA2205034396 Mexico City XEW Television Network in Spanish 0300 GMT 21 May 96

[From the "24 Hours" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] President Ernesto Zedillo affirmed Monday that the current situation of the Mexican economy demonstrates that the chosen road is the one that best offers progress and jobs.

Addressing the 7th National Convention of the Mexican Association of Insurance Institutions [Asociacion Mexicana de Instituciones de Segur], President Zedillo said that the existing encouraging signs are the result of a strategy and of many responsible and coherent efforts.

[Zedillo] "The facts show there is already a clear tendency toward recovery. This tendency will be mirrored in this quarter with a GNP increase close to 5 percent, very significant, compared to the figures for the same period in 1995.

"This tendency will allow us to reach the growth goal established in the economic program for 1996. Preliminary job figures are also exhibiting this tendency. The open unemployment rate indicates that during the first three months of the year, unemployment steadily decreased."

The president stated that in April, the number of permanent workers receiving Social Security benefits increased by more than 52,000.

[Zedillo] "It is worth mentioning that in the past two months, after 13 months of decreases, the level of permanent workers enjoying Social Security benefits is higher than that for the same period last year."

The chief of state cautioned that if an adequate adjustment program had not been designed and had not a financial package been negotiated based on this program, the current outlook would not exist.

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[Zedillo] "A repudiation of foreign commitment would not have provided us with resources, it would have deprived us of resources. Noncompliance does not mean savings. It means isolation and serious risks for millions of employees and for the country's productive sector."

In his message to the representatives of insurance companies, President Zedillo stated:

[Zedillo] "The current situation would not exist had we not adopted the drastic measures we adopted to strengthen public finances and to channel healthy resources to programs that have alleviated the social effects of the crisis."

Mexico: Article Views PRI, PAN Sellout to U.S.

PA2105170696 Mexico City LA JORNADA in Spanish 17 May 96 p 1

[Article by Luis Javier Garrido — received via Internet]

[FBIS Translated Text] Political analysts have had difficulty figuring out what is happening in Mexico for a simple reason: They continue viewing everything from the perspective of the past and have not been able to evaluate the degree of isolation of the Ernesto Zedillo administration and its complete subordination to foreign interests and its dependence on Salinism.

1. A paradox many do not want to accept is that a year and a half after having left Los Pinos, and with the country in ruins, Carlos Salinas de Gortari and Joseph-Marie Cordoba are still the determining factor in current policies; and the "arrangement" they made with the U.S. Government is still in effect. Washington upholds their impunity, despite all their crimes. Carlos Salinas de Gortari and Joseph-Marie Cordoba continue to guarantee that the docile Zedillo continues on the road to servility.

2. The two main characteristics of the foreign-designed neo-liberal project that the Salinist group (formally) led by Zedillo is implementing in Mexico cannot be hidden. The current government's only proposal is: a) an alleged "open" economy in which the rights of individuals are subordinated to the rights of multinational companies, and b) a political and social life controlled by the "system," currently undergoing changes, in which the interest of the multinational companies prevail over the rights of the individual.

3. Therefore, the political transition they are trying to push in Mexico is merely a sham: It does not mean dismantling the authoritarian system, but converting it through the gradual integration of PAN [National Action Party] into the power structure: The only way conceived to "legitimize" a regime that is in total decay.

4. The country is headed toward a deeper crisis in 1996, because following the Barcelona agreements — the return of the PAN to the bargaining table and the constitutional and legal reforms concerning electoral matters — nothing else is foreseen but the return of another form of authoritarianism in which the parties emerge as champions of a new "institutionality" in which the voice of the people will remain unheard.

5. The declarations made in New York by PAN member Vicente Fox (governor of Guanajuato, on 13 May, affirming that he supports the U.S. demand to privatize Pemex [Mexican Petroleum]), shows the level of decay of the PRI [Institutional Revolutionary Party] and PAN Mexican "political class," and how the *padlocks* left by Salinism to guarantee the submission of Mexico to the United States have a definite influence.

6. The scandal exists, even though Fox tried to tone down his statements when he arrived at the airport in Leon (TV Azteca, 16 May), which only leads us to a clearer view of the future. Fox, who in recent years posed as a member of the opposition, committed a big mistake on this occasion, because he not only revealed a lack of patriotism and a boundless ambition to gain the support of the United States to win the presidency in the year 2000, but also got into trouble with his PAN friends and the Camachists [Manuel Camacho supporters] in the "new party" being founded, who until now have shown they are unconditional neo-liberals in favor of the policy of globalization, but have avoided a more precise definition.

7. Manuel Camacho's new party and members of the San Gabriel Group, whose constitution was announced in London by Jorge G. Castanedas — and that document suggested that Fox would be its presidential candidate (REFORMA, 14 May) — received a setback with these statements. Like the PAN leaders, the Camachists have questioned the "system," but have not opposed the essential official policies seeking to present themselves as an alternative *within the framework of globalization*, that is, as a valid choice for the IMF and the World Bank, and this incident has stripped them bare. Specifically, Camacho, who as mayor in Mexico City has imposed the practices of the "system" and neo-liberal policies, has refused to question Carlos Salinas de Gortari and to politically define himself.

8. However, Fox's declarations put the PAN, to which he still belongs, in a worse predicament. The PAN leadership continues to represent the PAN as an organization that "opposes the system," despite the fact that a number of its members co-govern with the Salinists in Zedillo's administration. However, it is quite clear that there are not great differences on matters of eco-

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nomic policy, and that they have understood the importance of the U.S. factor. The internal dispute between Diego's group and Castillo Peraza's group, in addition to Fox's internal challenge, seems like a competition to see which of these groups will most passively submit to the demands of multinational capital and the U.S. Government: Which group will be most reliable for the alleged change in the year 2000.

9. PAN members, assumed to be the beneficiaries of the transition simulation that they will try to bestow on Mexicans (and to international opinion) have had problems in stating their opinions — *above all in arguing* in favor of the policies to dismantle the nation — many which are opposed to doctrinal principles. However, they have supported all of them, particularly in Congress, and Fox's affirmations in THE ECONOMIST only accelerate what must be defined within the PAN, whose members will have to determine very soon if they will continue to be the pawns and collaborators of the Salinists and of Zedillo, in the PGR [Office of the Attorney General of the Republic], the union congress, and the news media, or if they will once again become an opposition force to define a *different* alternative for Mexico.

10. The Ernesto Zedillo administration has no other goal than the Salinas de Gortari administration had: To continue to dismantle the nation to subordinate Mexico's future even more to the interests of multinational companies, and for this reason alone, it cannot have a future.

Mexico: New Program To Assist Mortgage Loan Debtors

PA2105202496 Mexico City XEW Television Network in Spanish 0300 GMT 17 May 96

[From the "24 Hours" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] A new program to assist mortgage loan debtors was presented at the president's residence at Los Pinos this morning. It has been estimated that nearly 900,000 debtors will benefit from it.

President Ernesto Zedillo on 16 May presided over the presentation of the 1995-2000 Housing Alliance and an additional assistance program for mortgage loan debtors. The cost of this program, intended for 900,000 debtors, has been estimated at 60 billion pesos that will be amortized gradually. This program, Zedillo said, represents a considerable disbursement of public funds:

[Zedillo] "This program to assist debtors is being implemented responsibly to prevent costlier consequences of the crisis and to help the economic recovery, but we are not deceiving ourselves, and no one should let himself be deceived either. The financing of this program will be charged to the country's future and probable social and productive investment, thus the importance of the program being implemented properly, being appreciated by the beneficiaries, and all Mexicans taking advantage of this effort and its significance."

About the Housing Alliance, which contemplates joint actions by public, private, and social sectors for the construction, financing, marketing, and issuance of property ownership certificates for homes, Zedillo said the primary objective is to create the proper conditions for rural and city families, particularly the poorest, to have a decent dwelling. He also said the alliance takes into consideration the various housing circumstances of Mexican families:

[Zedillo] "This program takes into consideration those who do not have the money to buy a new house, the families that require financing to improve their present homes, those who have obtained mortgage loans for the house in which they live and who have trouble making their payments because of the loss in the purchasing power of money, higher interest rates, and inflation."

To explain the nature of the new program to assist mortgage debtors, Finance Secretary Guillermo Ortiz said:

[Ortiz] "This program stimulates payments because the debtor's payments must be up to date in order to enjoy the benefits of the program. Of course, not doing it would be unfair for those who make an effort to meet their obligations."

In addition, Jose Madariaga Lomelin, president of the Association of Mexican Bankers, said the debtors program is practicable, because it is not based on theories or ideologies and, therefore, does not play with the hopes of those affected. He also said the profit margins of Mexican banks will be reduced considerably in support of the program.

Social Development Secretary Carlos Rojas outlined the planned strategies to cope with the housing backlog and to meet the current demand.

Other personalities also spoke, including Carlos J. Arce, president of the National Federation of Industrial Housing Promoters, and Antonio Navarro Robles, director of the San Luis Potosi Housing Institute. The event was held in the Lopez Mateos Room in Los Pinos, with the presence of secretaries of state, bankers, lawmakers, union leaders, architects, engineers, and notaries public.

What are the overall contents of this important debtors assistance program? First, it provides for a 30 percent discount on monthly payments for housing credits or

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loans with any bank, meaning that you will pay 70 percent and the government will pay the rest. This program will apply retroactively to 1 January 1996; thus, your monthly payments will be reduced by 30 percent even if you have made your monthly payments from January 1996 to the present. The reduction of monthly payments will be made gradually: 30 percent during the remainder of 1996, 25 percent next year, 20 percent in 1998, and so on until it reaches 5 percent in the year 2005. This program will then be eliminated in the year 2006.

This program applies to all mortgage loans not exceeding 500,000 UDI's [investment units], the equivalent to approximately 760,000 pesos. This includes mortgage loans for medium-size residential housing to be paid with minimum payments in accordance with the person's income, for mortgage credits of the Jovi [expansion unknown] social interest type, and also for new homes financed by the banks.

It should be noted that 94 percent of the country's current 900,000 mortgage credits fit into this category; that is, they are below the 500,000-UDI limit. The program automatically functions for all those individuals who have refinanced their debts in UDI's. If you have not done so, the deadline has been extended until 30 September 1996.

What will happen if you do not have a payment capability even with this program? In that case your home will become a trust property with the advantage that you may continue living in it. It will be necessary to make monthly rental payments that should be no higher than 0.9 percent of the property's value. These rental payments will be deposited into this trust. Within approximately six years, the bank will give you the option of purchasing your home under the condition that your monthly rental payments to the trust during this period will be honored as a down payment in acquiring your home or as direct payments to the property's value.

These in brief are the contents of this program. According to the authorities who announced this debtors assistance program today, the possible seizure of your property is eliminated, and you would not have to leave your home. This program will cost the government 60 billion pesos that will be paid within the next 20 or 30 years. The government will obtain the funds from taxes in order to partially pay the banks for all the debtors' debts. The banks will assume 50 percent of the notary fees and the financial costs of refinancing these debts.

Mexico: Official on Private Debt Problem, Recovery

PA2105202796 Mexico City EL FINANCIERO in Spanish 15 May 96 p 20

[Report by Gerardo Flores]

[FBIS Translated Text] Guillermo Ortiz, secretary of finance and public credit, said that increasing jobs and real income lost with the crisis are two of the most important priorities of the federal government in the short term. He recognized that the level of private debts is the main problem facing the country.

After saying that in the second semester of this year we will also see a recovery in the level of real income, Ortiz remarked, however, that several years will go by before we reach the consumption levels that existed in 1994.

Ortiz explained that the government is aware of the social problem that this crisis has created. He noted that within the proposed budgetary constraints, the government will seek to minimize social costs.

The secretary stressed that the private sector investments will eventually promote the growth of the economy and will generate jobs. However, he warned that "the large private debts are being gradually transferred to the public sector through the support programs we have offered to the system."

Ortiz commented that it is very important to maintain the solvency of banks and make sure that they don't have problems paying their obligations.

Later, he asserted that the economy is showing evident signs of recovery, as interest rates have dropped significantly, inflation is expected to decline, financial markets are stabilizing, and employment is rising. At the end of the first quarter, 156,000 new jobs had been created.

The most severe manifestations of the crisis are a thing of the past, Ortiz indicated, "because we are witnessing a recovery process in nearly all sectors of production." Nevertheless, he highlighted that the purchasing power of people will grow when production figures recover.

Meanwhile, Abel Beltran, general director of the Ciemex-WEFA economic project, underscored that the costs of the economic program have been very high, especially since the peso devaluation. He added this holds true because businesses have gone bankrupt, thr economy has shrunk, dismissals have been made, individual and company debts have doubled, companies have become decapitalized, and consumption declined.

In the meantime, Rogelio Ramirez, director of Ecanal International Consulting firm, explained that the economic decline in 1995 was excessive given Mexico's

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problems. He warned that modifications to the economic program because it is also an election year. He said that the problems of banking sector and the lack of confidence are the most urgent to resolve.

Interviewed during Grupo Acir Radio's "Panorama Newscast," Ortiz admitted that resolving the debt problem is a fundamental factor for recovery and sustainable development.

He remarked that the concepts of cut rates and discounts have already been applied in Mexico for some time. He mentioned as examples the ADE [Agreement for Immediate Support to Bank Debtors] and the programs designed by each bank in particular.

Regarding the agricultural sector, he commented that for years programs including a discount have been implemented, because by subsidizing interests, the present value debt balance is being reduced.

With regard to confidence, the secretary of the SHCP [Secretariat of Finance and Public Credit] stated that the important thing is the long term vision. Consequently, he mentioned the flows of direct foreign investment which in 1995 exceeded $7 billion, adding that this year this figure may grow because direct foreign investment average between $650 and 700 million monthly.

Ortiz affirmed that it is not possible to measure the intensity of the economic adjustment, because there are forces that are outside of the control of authorities.

In this same regard, Rogelio Ramirez asserted that experience has shown that the gradual implementation of adjustments does not work because the country in question never sends the signal that investors need to know it is time to channel resources to that nation.

Ciemex-WEFA director Abel Beltran del Rio concluded that the economy will recover in the last three years of the present administration, provided there are no social or political disruptions.

Mexico: First Quarter GDP Up for Third Consecutive Time

PA2105170896 Mexico City XEW Television Network in Spanish 0305 18 May 96

[From the "24 Hours" newscast; recorded passages within quotation marks]

[FBIS Translated Text] President Ernesto Zedillo, upon closing the 78th assembly of the Confederation of National Chambers of Commerce, Concanaco, in Merida, Yucatan, gave assurances that the development of the Mexican economy, as statistically reflected, reaffirms the recovery trend.

[Zedillo] "This morning, INEGI [National Institute of Statistics, Geography, and Information Science] released preliminary figures on the first quarter's GDP. During this period, the first quarter of 1996, again the GDP showed an increase compared to the previous quarter; this time, 2.2 percent. This is now the third consecutive quarter in which this indicator has increased compared to the period immediately preceding."

Compared to the first quarter in 1995, President Zedillo explained:

[Zedillo] "It is still 1-percent below. This annual drop is less than what had been forecast just a few days ago and it is the lowest of the past four quarters."

The president said in his message that his administration will tend to the problems and demands of businessmen, which were voiced by outgoing Concanaco President German Gonzalez Quintero and incoming President Armando Araujo Montano. The president awarded the Miguel Aleman Valdez medal for merit in tourism to national hotel president Guillermo Rocha Garza.

Previously, in a meeting with peasants and cattlemen in (Tizimin) Municipality, President Zedillo warned that even though it may bother some, a new way is already in practice to distribute state resources in favor of those who have less.

[Zedillo] "I know that this new way of doing things has bothered some. I invite those who are annoyed, to reflect and admit that in the past, we did not have a policy that redistributed resources for those who need them the most, taking from — and this is true — from those who had these resources. We will never be able to pull in the slack or do away with inequality."

Also in the capital of Yucatan, President Zedillo visited a center where handicapped people build wheelchairs, desks, and other metal goods. The president greeted many of them and gave them words of encouragement and congratulated them.

That afternoon, he visited a greenhouse that grows vegetables for export in Motul Municipality. He later supervised reconstruction work in a neighborhood called La Cienega, located at the entrance of the port of Progreso.

He ended his tour by inaugurating a school for slow learners. In his tour of Yucatan, President Zedillo was accompanied his wife Nilda Patricia, the secretaries for agrarian reform and tourism, local and federal officials, and state Governor Victor Cervera Pacheco.

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Mexico: Secofi Stops Procedures To Establish Companies

PA2205015696 Mexico City REFORMA in Spanish 20 May 96 p 1

[Received via internet]

[FBIS Translated Text] Yesterday, the Commerce and Industrial Development Secretariat (Secofi) announced the elimination of 40 percent of the 211 procedures, requirements, and obligations stipulated by the organization to establish companies and will establish deadlines for their consideration.

In a press communique, the Secofi indicated that the measure included the revision of the norms that prevailed in the Secofi itself and its branches, as well as the National Metrology Center, the Federal Competition Commission, the Mineral Resources Council, the Mexican Institute of Industrial Property, and the Federal Consumers Prosecutor's Office.

With this action, the Secofi is thus heeding a demand by the private sector to promote the industrial policy and foreign trade program.

Concerning the procedures that will be kept (103), the Secofi indicated that they cannot be eliminated, because they are required to guarantee the companies access to special programs (such as the program for the maquilas [assembly plant sector], the export companies' program for temporary imports, and the program for high exporting companies).

Regarding the procedures that had not been considered, the Secofi announced that they went from 79 percent to only 7 percent of the total. The organization also managed to reduce by 80 percent the the information and documentation requirements that companies had to include.

In addition, it agreed to decentralize different procedures and to increase the possibilities for companies to submit their applications and receive the corresponding resolutions by mail or messenger services.

Yesterday, Commerce Secretary Herminio Blanco began a working visit to several countries. Accordig to NOTIMEX, Blanco will participate in the OECD ministerial meeting in France.

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Guatemala

Guatemala: Labor Leaders Break Blockade, Occupy Congress

PA2105234296 Panama City ACAN in Spanish 2048 GMT 21 May 96

[FBIS Translated Text] Guatemala City, 21 May (ACAN-EFE) — An atmosphere of tension prevails at the Congress of the Republic, which was occupied today by about 200 union leaders who represent over 180,000 state workers. These workers are opposed to the regulation of strikes in the public administration.

The enraged representatives of the public employees broke a police blockade and entered the building, where 43 deputies from the ruling National Vanguard Party (PAN) were getting ready to discuss a draft bill to regulate the right to form unions and stage strikes in the state.

Supported by the opposition parties, which control the other 37 seats of a total of 80 in the Chamber, that is the minority, labor organizations rejected the government's attitude.

The leftist New Guatemala Democratic Front (FDNG), with six deputies, today appealed to the Constitutionality Court to stop this initiative after stating that it "violates" the Constitution.

Tension increased in the legislative branch after more than 100 agents from the Fuerza de Reaccion Inmediata (FRI), also known as the "riot platoon," entered the building to evict the union leaders.

Guatemalan Interior Minister Rodolfo Mendoza remarked that the presence of security forces in the parliament was ordered at the request of the Board of Directors so that the union leaders could be evicted.

So far, however, the parliament remains occupied, while Congress representatives are holding talks to seek a solution to the situation.

Meanwhile, PAN deputies have abandoned the installation for fear of being attacked by state workers.

State labor unions rejected the project presented by PAN to regulate the right to form unions and stage strikes in the state and said that the ruling party "wants to slap us in the face but we will not allow it."

What the PAN intends to do "is a monstrosity," affirmed Deputy Aristides Crespo, from the rightist Guatemalan Republican Front, the largest opposition party, upon announcing his support for the demand of public employees.

Labor leader Sergio Guzman asserted that the discussion of the bill is "incongruent" with the Socieconomic Agreement the government signed with the guerrillas, because this agreement clearly states that the right to organize and join unions must be respected.

"We will not allow the PAN to deprive us, overnight, of the right to strike, as established in the Constitution," another labor leader stressed.

Personnel from the UN Mission for Guatemala (MINUGUA) and the Archbishopric's Human Rights Office (ODHA) have appeared at the Congress to find out about the situation there.

Honduras

Honduras: Human Rights Commissioner on Police, Military

PA2105125496 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 20 May 96 p 35A

[FBIS Translated Text] Tegucigalpa — National Human Rights Commissioner Leo Valladares Lanza stated yesterday that the transfer concept should not be used in the formation of a new police force.

I am making this statement, he said, because right now the Public Security Forces (FSP) have demonstrated their inability to efficiently fight the crimes that are suffocating Honduran society.

Valladares Lanza said that our policy in creating a new police force should be to "start over with a clean slate."

He pointed out that once the guidelines are established for the new police force, it will be reasonable for everyone who is interested in joining this force to undergo a series of examinations to determine his skills to carry out the duties that are involved.

The human rights commissioner pointed out that FSP police agents should also participate in the recruitment process because it could not be denied that many of them should be admitted into the new police force.

In addition, Valladares expressed his opposition to the execution of military exercises, which began this morning between Central American and U.S. Army troops who are stationed in Palmerola in Comayagua.

He underscored: "I am always skeptical regarding these kinds of military maneuvers because what we need is an excellent police force."

He added that currently there are no external threats and, furthermore, it is an unnecessary expenditure to carry out military exercises without any justification.

"We should rather carry out maneuvers to fight poverty and illiteracy and to implement projects for a massive construction of homes," he concluded.

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Nicaragua

Nicaragua: Army Chief Asks Rebels To Surrender Weapons

PA2105204896 Managua BARRICADA in Spanish 21 May 96 pp 1, 8

[Report by Freddy Garcia]

[FBIS Translated Text] La Cartuja, Matagalpa — Army Commander in Chief Joaquin Cuadra Lacayo yesterday in Matagalpa urged rebel groups to change their attitude and to join the civic elections process.

Cuadra said he was speaking "as a Nicaraguan to Nicaraguans" and that he trusts these people will surrender their weapons, thus heeding a call made yesterday in Matagalpa and Jinotega by representatives of at least 14 political parties.

Local leaders of the Independent Liberal Party, the Christian Democratic Union, and the Sandinist Front have insisted on the need to eliminate the threat of armed bands in 26 municipalities of the country's northern and central regions during the elections process.

Rosa Marina Zelaya, president of the Supreme Electoral Council, Government Minister Sergio Narvaez, and General Cuadra were yesterday in La Cartuja at the invitation of Matagalpa Bishop Monsignor Leopoldo Brenes to explain protection plans as well as electoral process problems to representatives of various sectors of Matagalpa and Jinotega.

General Cuadra Lacayo said that for the time being the presence of the Army in the municipalities where there are still armed people will be of a "dissuasive" nature and explained that "we have agreed with Monsignor Brenes that the doors of the church and to a dialogue are open" to them.

The Army commander later announced before many newsmen that in the next few days several armed groups will demobilize themselves as a result of successful efforts by Monsignor Brenes.

The military chief said "there is a general demand by society for these people to put down their weapons and join civilian life." The general said "this is a great opportunity" society is offering them to forsake their rifles and to contribute to a civilized and peaceful elections process.

Cuadra Lacayo affirmed that only chieftain Ciriaco Palacios, Charro, refuses to talk and to put down his weapons.

Government Minister Sergio Narvaez affirmed that the government is "aware of the many difficulties and problems being endured" by the municipalities and promised that the government will face them.

After he continued reading some sort of previously prepared declaration, Narvaez said that problems should not be "overestimated" and "the situation should not be turned into a myth."

He announced that President Violeta Chamorro appointed Deputy Government Minister Frank Cesar "special delegate," and he will move his office to Matagalpa to coordinate actions in support of the Supreme Electoral Council to guarantee a successful electoral process in these municipalities.

Nicaragua: Military Commander Presents Security Plan

PA2105173396 Managua EL NUEVO DIARIO in Spanish 21 May 96 p 2

[FBIS Translated Text] La Cartuja, Matagalpa — General Joaquin Cuadra Lacayo has urged armed groups in the northern zone to seek a dialogue with military, religious, and civilian authorities in the region, and to achieve peace before the 20 October elections.

The high-ranking military commander spoke during a meeting held with various social, political, economic, and production groups from Matagalpa and Jinotega Departments on Monday, to review details of the military plan for the elections.

Supreme Electoral President [CSE] Rosa Marina Zelaya reviewed details of the electoral process in 26 northern municipalities, most of which are affected by military conflicts, and the registrations that will be conducted in the zone starting between 1 and 9 June.

Meanwhile, Government Minister Sergio Narvaez said in his brief speech that Deputy Government Minister Frank Cesar will work full time in the city to coordinate the necessary actions with other agencies, and to guarantee the electoral process in the next five months.

The meeting, sponsored by Monsignor Jose Leopoldo Brenes, bishop of Matagalpa, was also attended by peace commissions from various departments and municipalities and representatives from different political groups of all political and ideological tendencies.

Cuadra stated that the presence of approximately 2,200 men in the mountains of Matagalpa and Jinotega is intended to bring peace, and all of the people who are illegally bearing arms can return to civilian life.

He also told the media that the dialogue with different armed groups has already started in the northern zone, but he did not specify with which armed groups they

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are talking; adding that information on this issue will be revealed in a few days.

Another mission to be carried out by the National Army will be the transportation of all the CSE material to the most remote areas of the country. All land, air, and naval means will be available for this activity.

Lieutenant Colonel Cesar Delgadillo, chief of the National Army's Operations and Plans, announced that a contingent of 5,200 soldiers will be available to guarantee a peaceful electoral process throughout the country.

He explained that 2,200 soldiers will be deployed to various areas in Matagalpa and Jinotega Departments, where some 500 armed men operate. The latter have an opportunity to put down their weapons and return to civilian life.

The military commander said that 14 municipalities in northern Matagalpa and Jinotega Departments will be prepared with special contingents prior to the registration process and until the elections conclude on 20 October.

He also reported that approximately 1,200 members of the "Benjamin Zeledon" Tactical Combat Group, the Army's elite force, were deployed to different strategic points in Matagalpa and Jinotega. The troops were mobilized to the areas where armed groups are most active.

Army To Guard Vote Polling Boards

Lieutenant Colonel Julio Cesar Aviles, commander of the 6th Regional Command of the National Army, said that military actions continue to take place against armed groups. He said that the goal is for every citizen to his or her right to vote and guarantee the 1996-97 coffee harvest cycle.

He said that approximately 1,054 Vote Polling Boards [Juntas Receptoras de Votos — JRV] will be distributed around Region 6, which will be guarded by soldiers, even in the most distant locations such as Rio Blanco, Waswala, Matiguas, El Cua, Bocay, Wiwili, Wambian, and areas that border with Honduras.

Aviles also said that the military deployment will also include the main access roads to villages and paths through the thick mountains wherever there are armed irregulars.

During the question-and-answer period, General Cuadra said that there was a generalized clamor by all sectors for the armed groups to rejoin civilian society and stop carrying out misdeeds against the peasants.

The National Army commander said that "hopefully this opportunity will be taken by El Charro, whose real name is Ciriaco Palacios. El Charro has said that he intends to remain armed despite the government-announced military plans.

A Detachment to Pancasan

At the request of producers in Matiguas, the National Army commander said that a detachment of armed men will be sent to the Pancasan zone permanently. There peasants have been reporting crimes and kidnappings to producers in that prosperous, productive area.

Meanwhile, Jose Gonzalez Picado, FSLN [Sandinist National Liberation Front] political secretary in this city, reported on a plan to carry out political proselytism by 14 political parties and an alliance amid the prevailing lack of security.

Leaders of the political parties properly registered in the Supreme Electoral Council, voiced their concerns to the president of that council and requested that these concerns be relayed to the executive and legislative branches and to the Supreme Court of Justice.

Dr. Zelaya urged the National Assembly make the appropriate reforms to the Administrative Political Division Law [Ley de Division Politica Administrativa] to delimit Atlantic coast municipalities and their geographical location. Elections cannot be held in places where this legal requirement is not fulfilled.

Nicaragua: Officials on Security Plan for Elections

PA2105202096 Managua Sistema Nacional de Television Network in Spanish 0130 GMT 21 May 96

[Report by Vanesa Palacios; from the "National Newscast"]

[FBIS Translated Text] Nicaraguan Army, Supreme Electoral Council [CSE], and government representatives met at La Cartuja, Matagalpa Department, to join efforts and explain the basic details of an electoral security plan to local leaders. The invitation was issued by Monsignor Leopoldo Brenes, bishop of the Matagalpa diocese.

A scant five months from the elections, the safety of almost 2.5 million potential voters is an important issue that involves the participation of social, civilian, political, and military sectors.

[Begin CSE President Rosa Marina Zelaya recording] This is a basic challenge that will also involve strengthening the foundations of the Nicaraguan democratic society. Therefore, all the Nicaraguan people must get involved in this. [end recording]

The democratic foundations are threatened by the presence of criminal bands and groups in certain parts of the

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country. Regarding this, both the Nicaraguan Army and President Violeta Chamorro's administration will try to guarantee safe elections.

[Begin Government Minister Sergio Narvaez recording] In 1996, President Violeta Barrios de Chamorro stated her will to help the CSE hold free elections in an honest and democratic way, as a culmination of her term, which began in 1990. [end recording]

Meanwhile, the CSE president presented a box which contains the necessary elements so every citizen who lacks identification papers, due to personal problems or due to problems faced by the CSE, may register and vote. Regarding this, the Nicaraguan Army pledged to deploy 5,600 members to all the municipalities because there are armed and criminal groups in 14 of the 143 municipalities. The Nicaraguan Army will also support National Police members in each sector. It will mainly provide its support to safeguard the air, maritime, and land routes.

[Begin Nicaraguan Army Commander Joaquin Cuadra Lacayo recording] We have been assigned another task, to directly support the CSE. This basically entails logistics support. [end recording]

Moreover, the government will also make changes as clear proof of its determination to hold honest elections.

[Begin Narvaez recording] Thus, the president appointed Deputy Minister Frank Cesar to the post of special delegate. He will transfer his office to Matagalpa and coordinate actions to support the CSE. [end recording]

Of the 960 vote tallying boards, 359 will have a larger military force because 511 armed men are still out there, threatening the first democratic electoral process in the country.

Nicaragua: Daniel Ortega Discusses Campaign Plans

PA1805010296 Managua Canal Dos Television in Spanish 1600 GMT 12 May 96

[Interview with Daniel Ortega Saavedra, presidential candidate for Nicaragua's Sandinist National Liberation Front, by Carlos Fernando Chamorro at the Canal Dos Television studio in Managua on the "This Week Program" — live]

[FBIS Translated Text] [Chamorro] Here with us is Commander Daniel Ortega Saavedra, presidential candidate for the Sandinist National Liberation Front [FSLN], to whom we are grateful for accepting our invitation to talk to the "This Week Program." Last Sunday, when Commander Ortega was nominated or chosen as presidential candidate, he delivered an address at the Olof Palme Conventions Center, in which he talked of peace, reconciliation, love, and production.

Journalist Jorge Catin interviewed different citizens to learn the reaction of the people in the streets, universities, offices, and among different segments of society to Commander Ortega's message and how the people received it.

The people's opinions were really divided. Some were critical of Daniel Ortega and others were favorable.

Daniel, to what do you attribute this problem of credibility or lack of confidence some of the people interviewed expressed, and what do you plan to do to convince non-Sandinists?

[Ortega] It is normal for opinions not to show unanimity. If it is a sample of opinion, it has to be very diverse. I find it positive that people can express their views so clearly on topics like this one. We are interested, I in particular am interested, that the people who will participate in the October elections consider my actions as president and that the situation that exists in Nicaragua now is different from that of the 1980's. We no longer have a war, a blockade, an embargo. The U.S. stance has changed.

It has said it will respect the results of the elections and, therefore, there is no risk the Patriotic Military Service will return or that we will return to war.

As the people understand this, that we are a credible force, inasmuch as we can generate jobs and social welfare and stimulate productive activity, their opinion will be swayed and, thus, they will vote in favor of the FSLN.

[Chamorro] Let us talk a little about the reason for your candidacy. I remember that approximately two years ago, on the eve or a few days before the special FSLN Congress, you told the radio, newspapers, and television that you were not going to run for the presidency. Two years later, you changed your mind. What made you change your mind, or was what you said just a strategy for Congress?

[Ortega] Indeed, a few months ago, we were seeking other alternatives. I took it upon myself to find other alternatives to head the presidential ticket. The favorable conditions for the people we deemed the most appropriate to assume that role did not arise. These people were willing, but the conditions were not favorable.

That practically drove the FSLN to the conclusion that for at least this phase I should assume the role of presidential candidate, because that would allow us to

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participate with internal cohesion and proposals [words indistinct] with certain forces and certain security, with the understanding that we are not [words indistinct] throughout these months during the pre-campaign and campaign period explaining our platform to the people so that we can persuade people of the importance of voting for the FSLN in these elections.

[Chamorro] Were you personally referring to or supporting the proposal for Mariano Fiallos to be a FSLN candidate? Do you believe that Mariano Fiallos would have been a better candidate than Daniel Ortega?

[Ortega] I believe that Dr. Fiallos would have played a good role in these elections, but conditions that would have favored this great agreement were not present.

[Chamorro] Some sectors, even within the FSLN, say that your candidacy is basically intended to keep the FSLN vote together and to have an impact on lists for deputies and aldermen, but will not manage to summon a national consensus to win the elections. Is this true?

[Ortega] I do believe we have some degree of certainty, a certain degree of recognition, even among our adversaries, to be able to attract that consensus. Nowadays we especially have credibility to persuade the people who are impoverished to favor us with their vote. Most of the people in Nicaragua are poor, and it is those people who are the ones who will decide who will run the next administration, or who will be the country's next president.

It is clear that we have historically been fully committed to the struggle for the poor in this country. This continues to be our main goal, to remove people from poverty. I believe that along these lines we have a real possibility of communicating with the people and also, I repeat, a real possibility of attaining good results.

[Chamorro] Regarding what you were saying, Commander, you have spoken during the past two years and have summoned national dialogues and national alliances, but it would seem that these calls go unheeded. What is happening to these calls you make to the various sectors of the people, who in turn do not respond to the FSLN position?

[Ortega] It seems to me that it is not the people. I say that the Nicaraguan people take into account the great effort. But the political leadership, however, and the association leaders, still have positions that lean heavily toward certain sectors that are very polarized and have not made it possible that this national dialogue take place. This national dialogue could have saved Nicaraguans lots of headaches. Then, undoubtedly, one has to also deal with the government's attitude. The government has not been a credible factor to favor this dialogue. The government's power is fundamental to encourage these dialogues. The current administration has lost much credibility.

I remember that some dialogues were fruitful. I do not look back on the balance as being so negative. I remember Phase 1 and Phase 2 of the agreements [concertaciones], with the partial participation of those sectors that were truly interested in resolving the property problem in this country, and various very important agreements were reached. These at least managed to attenuate tensions. Another dialogue I recall was one that took place in May 1993, I believe it was 1993, which had to do with national problems. I also recall one that specifically dealt with the topic of the agricultural cycle, in which the government made commitments. This was not complied with afterward. This, of course, discourages the people from taking part in new dialogues. They say, why take part in a dialogue if promises are broken?

[Chamorro] What happened to the FSLN position regarding violence? Over these past few years there have been many debates on the use of violent methods. Some sectors have also mentioned that there has been a certain ambiguity, on your part, that you say you are against violence and then justify the same under certain circumstances which are politically convenient to you. How do you reply to this criticism and how much of your credibility has been harmed by this ambiguity?

[Ortega] There is no ambiguity. I say that there has been a certain manipulation by our adversaries who try to get the people to freeze, to not even have the right to cry out when being clubbed, when they are being thrown into unemployment. Throughout all these years, institutional violence has been exercised. What is more violent and brutal than throwing people into unemployment? What is more violent or brutal than to dislodge thousands of families from their homes, plots of land, and from farms, such as many thousand families have been? Here we have institutional violence, which has even claimed lives, such as the students who were killed protesting the 6 percent.

When blood runs this way, it is not condemned or seen as violence, but on the other hand, when people protest — and we have backed these protests — then this is considered as violence. It is said that the protests have to avoid causing any sort of problem.

[Chamorro] But in addition, you want to present the Sandinist Front as a force, let us call it, that endorses national stability. But some view it as a, let us say, polarizing force, as does the country's liberal sector. Do you believe that this [words indistinct] perception

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of polarization of which the Sandinists would be a part, conforms to reality?

[Ortega] The FSLN is not a polarizing factor. What is polarizing are the policies that have been implemented in this country. The neo-liberal policies do not only polarize Nicaragua; they are polarizing the world. The Nicaraguan people have not been the only ones to stage demonstrations. Demonstrations have also been staged in France, Spain, Germany, and the United States.

Protests are being staged all over the world. Why? Because those policies are currently being implemented around the world and leaving people unemployed. They are widening the gaps between the poor and the rich. Obviously, this is a situation of injustice and violence that is being imposed on the people. The FSLN, hence, is not a factor for violence in this country. We have wanted peaceful solutions, not violence.

Those who have imposed a state of instability and violence are the ones who have promoted policies that [pause]... how is a worker, who is being fired, going to applaud that measure? How can a family member do so who cannot fulfill the needs of a child, his whole family, or an adult member of the family in need of medication? How can he not protest and rise against that when he goes into a hospital and finds he cannot receive treatment?

In other words, medicine is available for those who have and out of reach for those who have not.

[Chamorro] What happened to the other ways to settle these types of conflicts and crises in the country, such as in the legislative front? You are an FSLN leader, a candidate, but also a deputy. Some sectors criticize you because they say you do not fulfill your duties as a legislative representative or even go to the National Assembly where very important things are being debated.

Such was the case two days ago; amendments to the electoral law were being debated. Daniel Ortega was not there. People are asking how you view the role of deputy.

[Ortega] We have parliamentarian representatives, and they take the FSLN policies to the bosom of the National Assembly. So, we are indeed represented. Then, I believe that the parliament must play a role, but what has happened? We observe a divided parliament, in which it is very difficult to be able to make decisions. The pressure these small groups at the parliament exert on many occasions has led to unstable situations. We do not have a normal situation prevailing at the parliament, because we have to see how this parliament came to exist. It was formed by the union of 14 parties, followed by the separation by a group of deputies from the FSLN. This made the parliament divide itself up.

[Chamorro] The question is why Daniel Ortega does not sit down to fulfill the duties for which the people elected him deputy.

[Ortega] No, I am fulfilling my duties as an FSLN leader, and I meet with FSLN deputies to discuss the legislative agenda and make decisions. Then, the FSLN deputies, who have a bloc chief, go to the National Assembly and defend these positions.

[Chamorro] Opinion surveys have agreed that the main problem any new president or government has to resolve in Nicaragua is the economic problem. Job creation is the people's first expectation and demand. Journalist (Jorge Katin) interviewed three economists and asked them to give their opinions on the economy, the proposals Daniel Ortega and the FSLN are making, and the capacity a government headed by Daniel would have to create jobs and fight poverty in Nicaragua.

Your opinion is very critical on what at least these three economists could expect from a hypothetical government headed by Daniel Ortega. One of the economists who was interviewed said that you would be forced to take measures even harsher than the neo-liberal measures to be able to gain the trust and credibility of both the international and local community. Do you perhaps see yourself in this scenario?

[Ortega] I believe that the opinions I have heard from these economists are rather hasty. First, I am interested in making myself look good for the Nicaraguan people. When I talk about the Nicaraguan people, I am referring to people who are more adversely affected; in other words, I am referring to the 60 percent of the people who live in abject poverty.

In order to offer solutions to these extremely poor people, it will necessarily lead us to take certain measures immediately. First, we have to curb unemployment as much as we can. For instance, I believe the state has been reduced enough; it does not need to be reduced any further. Therefore, it does not need to throw people in the streets...

[Chamorro, interrupting] With what would you then finance the fiscal deficit triggered by government spending?

[Ortega] Well, I believe that there are conditions to finance this fiscal deficit. How? By increasing production; in other words, here we cannot take a measure while disregarding the other. [sentence as heard] We have to work to increase production, and we have to create the conditions to encourage producers. If a producer does

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not have the conditions to produce and if he is not profitable — as is the case with Nicaraguan producers — he simply cannot produce. If production is nonexistent, we simply cannot resolve social problems; we cannot resolve fiscal problems. So, investments... [pauses] the economists talked about the need for investments. Indeed, I believe that a government headed by the FSLN is a government that would send very positive signals to investors.

[Chamorro] What specific measures would you opt for so as to encourage local and foreign private investment?

[Ortega] What needs to be done immediately in order to stimulate those investors is to solve once and for all the property problem. It is clear that the current administration has not had the political resolve to decidedly solve this problem. Even though a series of laws, measures, and accords have been turned out, there has been a lack of political resolve by the current government to unequivocally resolve this problem.

[Chamorro] There is also another point of view, Commander: It is said that you, as leader in this case of both the opposition and the FSLN, have not had the resolve to contribute to correcting certain abuses. How could you contribute to this correction once in power, if you have not done so now?

[Ortega] Logically, doing it from the opposition is much more difficult. One has to be in power to take the appropriate steps in each case. Going back to the foreign and local investment topic, I believe that to think that the FSLN will favor foreign and local investments has to do with security and stability because we are factors for stability and security. Why? Because it was the FSLN that brought about the changes in this country. I say that it is up to the FSLN to bring order, according to what has been established up to this date within the constitutional framework, and place into order everything that was changed or modified since the triumph of the revolution.

Stability is an elemental issue to encourage local investors to place their capital in our country and also attract outside investors.

[Chamorro] But when one speaks with local investors and some foreign ones, their first reaction in the face of the possibility of you attaining power tomorrow is one of uncertainty and fear. In other words, the fact that Daniel Ortega might be president tomorrow is not a factor to attract investments, but instead, one of caution. Why do you believe they have this fear and caution?

[Ortega] I have spoken to some investors. There are various types. I have spoken to both local and foreign investors, and they are only waiting for the FSLN to win before coming to Nicaragua with capital, because they feel that the FSLN is the only force that can truly offer security in this country and can solve the problem of violence in the countryside, attenuate the current levels of violence that Nicaraguan society is experiencing, such as crime and everything else. The FSLN can restore order.

[Chamorro] How would you restore order?

[Ortega] The FSLN can bring forth some order. How? With political resolve and by solving pending problems. Here we have a fundamental problem, which is the property issue. I believe that if the property problem is not resolved, which has been the case during all these years, the country will simply not have a future. Nicaragua is the only country today, I would say the only country in the world, which has a acute problem dealing with the property issue.

In other countries with this problem steps have been taken to solve it. Not here. The problem continues without a solution despite all the agreements made. We do have the political resolve, also the political authority, to solve the property problem.

[Chamorro] Your government often wrote off farmers' debts. Would you continue this same policy? Or do you have another alternative to lower interest rates?

[Ortega] To begin with, I would not expropriate the land of those 24,000 farmers whose loan amortizations to local banks are overdue, because the original sin lies with the credit policy. I remember a 1993 decision, in which I participated, whereby the government promised to revise the interest policy, not to give away money but to adjust loans to a margin of profit to stimulate farmers. And what happened? The result is that we now have 24,000 farmers whose payments have fallen behind schedule.

The credit policy failed, and we must change it, not by writing off debts, as in the past, but by adjusting the loans so they can be profitable.

[Chamorro] Your economic strategy entails a price. It is difficult to please all sectors simultaneously, including farmers, cattle ranchers, industrialists, businessmen, etc. If you had to choose one of these sectors, which one would you choose?

[Ortega] Agricultural and livestock production. This must be the the national economy's focus and basis for growth.

[Chamorro] What specific proposal do you have regarding taxes?

[Ortega] We must seek a consensus. I would say we will have to discuss taxes with the sectors most affected by

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the tax policy every time we sign up for an obligation. What would we gain by imposing a tax that is then dodged and not shared and does not work? We must first try to establish a consensus so we can establish a tax policy based on an agreement and a study.

[Chamorro] You invited a cattle rancher, Juan Manuel Caldera, to run with you as candidate for vice president. What lies behind this offer? We already know what the newspapers published several days ago in a document signed by the two of you. Others in the field declined your offer. What does Caldera represent for the Sandinist Front?

[Ortega] Well, our offer to Caldera is aimed at all Nicaraguan wealth producers, regardless of their political or ideological inclinations. We are the only political force in this country that tells wealth producers: Come to work with the government to guarantee the implementation of economic policies that will help increase the country's productivity. We are offering them a true position of power.

We are not calling them as politicians, although some members of the productive sector wear politicians' hats and become members of other political forces. We are inviting them to come as wealth producers and fill a gap. We will create a National Production Council. We are inviting you to propose names for members of this Council in the future government. Let's govern this country to ensure an economic reactivation.

[Chamorro] Who will outline your economic policy? Are they the Sandinist Assembly's prominent leaders or are they people out of the Sandinist Assembly? Who are they?

[Ortega] We have a basic document laying out our policies, which has been approved by the congress. The document was drafted by experts from various sectors. To implement a government platform, we will have to work with wealth-producing sectors, not only with farmers and cattle ranchers, but with others in general. We also have to talk with the people who produce wealth in other sectors and experts who can help implement a government platform.

[Chamorro] Credibility remains a constant in all the analyses made on the Sandinist Front's possibilities of going beyond the captive electorate in the body of Sandinist followers. Apparently, people do not see you winning easily. How will the Front run in the first round? Will it run by itself or will it make an alliance with other forces?

[Ortega] Of course, this is a very complex electoral subject. It is not easy. These elections pose a challenge for the Sandinists and the Nicaraguan people. We are running on a broad proposal. Because we have designated Caldera candidate for vice president, the Front signifies it is proposing a broad policy of alliances to Nicaraguan society. This exceeds an alliance with two or three political parties.

[Chamorro] But Caldera is an individual. Does he represent the cattle ranchers or other wealth-producing sectors in the country?

[Ortega] He is just a signal. He is a known wealth producer, but as such we cannot object to him. Of course, he is no Sandinist. He is not and has not been a political leader. He is not known as a political leader but as a wealth producer. It is clear that we are signaling the wealth producers.

I think this will create a considerable movement among wealth producers and will have to elicit sympathy and adhesion from the jobless. If we are to increase the wealth-producing activities, this means we will create jobs. We already know that the production spiral leads to the creation of direct and indirect jobs. This will guarantee an improvement in the number of people who intend to vote.

Maybe it has not shown up in the opinion polls so far, but we are confident that in the course of weeks and months — several months are still to go before the elections — to the extent that we maintain this position and opening, the number of sympathizers and would-be voters for this Sandinist Front's national union formula will keep increasing.

[Chamorro] There is another proposal that is currently being debated in political halls; various political parties are trying to strike an alliance, and certain political leaders have even talked about declining their candidacies. The question is if Daniel Ortega's candidacy is irrevocable or if there is a possibility of your putting it on the table with a view to striking a likely alliance.

[Ortega] Well, what is clear about this likely alliance for those who held a meeting to which the FSLN was not invited... [pauses] What they have proposed is not striking an alliance with the FSLN or the liberals. They even said that they are from two extremes. I believe that the important thing here is that this alliance is being struck, and I hope that a third force will emerge. I agree with the possibility of forming a third force, because it will help ease the country's electoral process. On the other hand, it will also help the future Nicaraguan parliament better exercise democracy in the administration of the parliament, because we would have good representatives from three forces — two major forces and a third one — in the national parliament.

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[Chamorro] What commitments are you willing to make to prevent polarization and confrontations in these elections?

[Ortega] Well, setting an example. I see that the example I am setting and will continue to set for Nicaraguans is that we will avoid confrontations, that we will present a constructive formula, that we will explain what we want to do, that we will not see our political adversaries as enemies. Let us see them as people who have the right — and they do have the right — to run for a public post; they have the right to aspire to any public post. I believe that we must see all this as a result of these 17 years, from 1979 to date, of ideals by the Nicaraguan people.

[Chamorro] At the same time, you and many FSLN leaders maintain a position to confront the Liberal Party, just like the Liberal Party is fully confronting the FSLN. This does not agree with reality.

[Ortega] I have been very clear when I maintained that it is not advisable to confront anyone. I said this at the opening of Congress. Let us not confront anyone. On the contrary, let us take a position favoring understanding among Nicaraguans.

[Chamorro] What are your prospects for an alliance during runoff elections? Alvaro Robelo, Up with Nicaragua Movement presidential candidate, on various occasions has said that not only is he a personal and political friend of yours but also that a likely alliance could be struck. Is this viable? Could this happen?

[Ortega] Well, as for a personal friendships, I am a personal friend of many political leaders of this country. We must take into account that we are working very seriously and responsibly — we say this to the Nicaraguan people. We believe that the most advisable thing to do is to strike this alliance in time for the first round of elections. We are seriously working so that the people will vote for this government. This is what the FSLN is proposing for the first round of elections.

[Chamorro] How are you going to convince those who are undecided, who could turn the outcome...

[Ortega, interrupting] Well, they are unemployed; they have no jobs and are starving. They know that if the FSLN makes a promise, it keeps it.

[Chamorro] How are you going to finance your electoral campaign? I understand that this weekend you are going to Europe, Libya, and various other countries. Are you going to obtain funds to finance the campaign?

[Ortega] I am not going there to obtain funds for the campaign; I am going there to make contacts and, above all, to seek support for a future government. I will talk to state leaders to whom Nicaragua still owes large debts. These debts have not been resolved yet, as is the case with Libya. In this case, I am interested in Libya and other Arab countries as they are able to support Nicaragua regarding not only the debts but also the Arab countries' ability to work to create a fund that would contribute [words indistinct] for us to recover in 1997 [42-second break in reception]

[Chamorro, in progress] ...the Arab countries to obtain funds for a future government, not for your campaign?

[Ortega] No, not for the campaign. To help the campaign, we would have to make internal efforts. The Sandinists have made very big efforts. I would say that everything that has been done so far was the result of our own efforts. The fact that we resorted to a democratic consultation involving more than 6,600 candidates or precandidates meant that each one of them obtained his own resources as best as he could. This created mobilizations, propaganda, and other things, which have been favoring pre-election work. The campaign really starts in August.

[Chamorro] Going on to the topic of the campaign and campaign style, will you be prepared to talk to and debate the other presidential candidates such as Arnoldo Aleman and other candidates on the "This Week Program"?

[Ortega] The most important thing is that we get in contact with the people. People want to know what proposals the candidate and the political force are offering, how they will cope with problems, whether or not we will provide jobs, whether or not we are going to continue with the current policies or change them. That is what interests us, to speak directly to the people.

[Chamorro] A debate serves to compare the viewpoints of the different candidates. In the 1990's elections, there were almost no debates, and that is why I am asking you that.

[Ortega] I think we would have to assess that as we go along and draw closer to the campaign period in August and September, when the campaign is launched, to see the advisability of that debate then.

[Chamorro] How is your health? We know you had a coronary lesion, rather, cardiac lesion, and you have gone to Cuba on several occasions. How is your health? Do you have to continue under treatment. I think the public is interested in knowing how you are before the start of an electoral campaign that is hard and even ....

[Ortega, interrupting] Thank God, I am fine. I can say I am fine. To be sure, I have to take care of myself. I have to undergo a routine checkup in Cuba every so

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often. I jog 6 kilometers every morning and have a pretty intense pace of meetings. I think I am in condition to head this campaign, but, of course, I have to take care of myself a little. I have to be careful about the food I eat. I cannot eat pork, the fried foods I like so much. I have to eat vegetables and the like.

[Chamorro] What will the slogan of your campaign. Are we going to see the fighting rooster?

[Ortega] No. I think we have to think about peace, stability and peace. That is why the campaign song is "Ode to Joy." That is our song.

[Chamorro] Will your slogan again be everything will be better?

[Ortega] We have not agreed on the slogan yet. I can tell the people of Nicaragua, however, that with the FSLN, with Daniel, and with its presidential ticket, all of us are going to win.

Nicaragua: Ortega on Election, Dialogue With Right Wing

BR2105074096 Copenhagen POLITIKEN in Danish 20 May 96 p 8

[Interview with former Nicaraguan President Daniel Ortega by Anne M. Sorensen in Managua; date not given: "Sandinism Is the Hope for Peace" — first paragraph is POLITIKEN introduction]

[FBIS Translated Text] Daniel Ortega was president from 1979 to 1990, when the Sandinistas were in power, and this time is the party's candidate again in the Nicaraguan presidential election in October.

[Sorensen] Is a divided Sandinista party at all capable of taking over government power in Nicaragua?

[Ortega] We are the political force in this country that is best organized and best prepared to govern. We have experience from very difficult circumstances and we will be the factor that can best guarantee stability.

[Sorensen] Are the Sandinistas also able to lose the election?

[Ortega] We already passed that test back in 1990. There is no better proof than that.

[Sorensen] Are you interested in a dialogue with the right wing?

[Ortega] We are happy to enter into a dialogue with anyone and have already invited the right to dialogue. That would be healthy to avoid polarization and to ensure stability, regardless of the result.

[Sorensen] You do not sound so sure of winning.

[Ortega] We must be cautious with the triumphant rhetoric. We have learned from our experience in 1990, and it would be wrong to be too cocksure this time.

[Sorensen] Nicaragua's foreign debt is extremely large. Is the truth not that your country cannot afford to implement the social programs you are campaigning on?

[Ortega] One of the most important tasks will be to negotiate with the international monetary institutions about our foreign debt. I hope and believe that we will succeed. But whatever happens, politics is all about how to divide up the funds that are available.

[Sorensen] What is Sandinism all about nowadays?

[Ortega] Sandinism still represents the hope for peace, justice, and democracy for all, not just the privileged, as is the case today.

[Sorensen] Is this your last election campaign as a candidate for the Sandinista party?

[Ortega] Yes. In the year 2001 the party must find another candidate but, since we are going to win the election, under the terms of our constitution I will be excluded from running whatever happens.

Panama

Panama: Students Close Highway, Reject Amnesty Bill

PA2105183096 Panama City Telemetro Television Network in Spanish 1730 GMT 21 May 96

[Report by Angel Sierra; from the "Telemetro Reports" newscast]

[FBIS Translated Text] We are at the Transisthmian Highway, specifically in front of the University of Panama. The highway has been taken over by university students from different groups. The main reason is their rejection of the amnesty bill that will be discussed at the Legislative Assembly next week.

The students have stated that the highway will remain closed for two hours, but this could be extended if they so decide.

Various groups are involved in the action, and they have yet to reach an agreement on whether or not the highway should remain closed for two hours or more. Unfortunately, this has affected the flow of traffic along the Transisthmian Highway and surrounding areas. Traffic jams are evident along Via Espana and the Ricardo J. Alfaro Route.

The situation remains unchanged. We have seen no riot police approaching the University of Panama. This is all

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for now. As you can see, the highway has been closed down, and the students will remain here at least two hours.

Panama: Neutrality Treaty Renegotiation Urged

PA2105042296 Panama City EL PANAMA AMERICA in Spanish 19 May 96 p 1A

[FBIS Translated Text] Former Deputy Panama Canal Administrator Fernando Manfredo has urged the Panamanian Government to renegotiate the Treaty on the Permanent Neutrality and Operation of the Panama Canal, which grants the United States unilateral power to take over the administration of the waterway if it believes the Canal is not being administered properly.

Manfredo warned that the Treaty is "a very strong liability, which exposes us to a great number of risks, both financial and regarding our national integrity."

The treaty obligates Panama "to run the Canal efficiently with regard to transit conditions," which means that the Panamanian administration is required to maintain the current efficiency levels and make investments to meet growing transit demands, Manfredo said.

If Panama does not comply with its obligations, the United States could denounce the treaty and take the steps provided in the treaty. However, the treaty establishes no procedure for determining whether or not the agreement is being fulfilled. It would be a unilateral U.S. decision.

Manfredo added that the treaty does not contemplate a mechanism or an office for mediating between the two nations. That is, it would depend on parameters set by the United States to determine whether or not the treaty is being obeyed.

Manfredo believes that the treaty should be renegotiated between the two governments to clearly define how it should be applied.

This treaty, signed in perpetuity, subordinates Panama's power to establish tariffs on tolls and other navigational services to the interest of the United States and other nations of the world, Manfredo said.

Manfredo recalled that on one occasion, the late Romulo Escobar Betancourt, a negotiator of the Canal treaties, told him "we have signed a good treaty and a bad treaty," the bad treaty being the Permanent Neutrality Treaty.

According to the text of this treaty, any tariff increases made by Panama must take into account the effects that this increase could have on U.S. interests and on its economy.

Panama: Official Opposes Continued Presence of U.S. Bases

PA1805045396 Panama City LA PRENSA in Spanish 16 May 96 p 14A

[FBIS Translated Text] David, Chiriqui Province — National Legislative Assembly President Carlos Alvarado expressed his disagreement over the continued presence of U.S. military bases in Panama.

According to the legislator, the Cold War is over and there is no reason to maintain an American Army in the country.

A Southern Command spokesperson stated on 3 May that negotiations between Panama and the United States on the issue of a continued presence of military bases in the Canal beyond the year 2000 will remain at a "stalemate," after Panama's Government unilaterally suspended the dialogue.

The Interoceanic Region Authority is encouraging worldwide investment in the creation of tourism complexes and industrial zones in the canal areas.

"These projects are far better than keeping some military bases," Alvarado said.

On 6 May, Chiang Ping-kun, Taiwanese minister of economic affairs, laid the cornerstone for the construction of an industrial park in the former Fort Davis. This processing zone will reportedly generate 20,000 jobs.

Panama: President on Amnesty List, Bases Negotiations

PA1905040696 Panama City LA PRENSA in Spanish 18 May 96 p 2A

[Report by Rolando Rodriguez B.]

[FBIS Translated Excerpt] President Ernesto Perez Balladares yesterday said he does not know who is on the Legislative Assembly's amnesty list. Nevertheless, he said that, according to reports he has received, most of them are poor people.

At the end of a working visit to Chitre yesterday, Perez Balladares said: "I have not yet seen the list. I was not at the presidential building when the lawmakers met with Vice President Tomas Altamirano Duque. I understand that the list includes many names."

He also said that the vice president, although he knows many people, was only familiar with "between 15 and 20 people" of the large number of people on the list. He went on to say: "Most of them are poor people, some of whom have been sued for crimes they had reportedly committed. In other words, they have not even been accused formally."

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In addition, some of these persons have been accused of embezzlement because a cash shortage of 1.25 million balboas was discovered during an audit. In other instances, the charged individual is not even inclined to clarify the reported crime, because hiring a lawyer would cost him more than the amount involved. Perez Balladares recalled that the charges against these persons were filed after the invasion, in 1990. At that time, "when people were excited, any person who had worked for the previous government was automatically regarded as a suspect of some crime."

Perez Balladares admitted that the list includes people of a higher level than those he mentioned, but added that most of them are poor people whose cases are similar to those described. "The idea is to end the stagnation in the administration of justice."

He said that the idea of an amnesty list is a good one. The list must pass through a series of "filters," and he will be the last person to see it. [passage omitted]

Turning to other things, Perez Balladares said that Foreign Minister Gabriel Lewis Galindo's health "is good, although not excellent" and that he had spoken with Galindo yesterday. He also said that Lewis Galindo is being treated in the United States and that he is sure he will return to his post, because he is working despite his illness.

Regarding the bases' negotiation with the United States, Perez Balladares said Panama does not yet have a final position. There are no negotiations of any type yet and no date has been set to open them. The negotiations are only in the exploratory stage.

He said that he does not share the interpretation of the Panama Canal Neutrality Treaty whereby the United States can intervene militarily in Panama if the Canal is endangered. Such an interpretation could lead the United States to take such an action, he said.

He thinks the Treaty means that, if Panama is militarily threatened, Panama could ask the United States to intervene militarily.

Panama: More Surveillance of Aliens' Routes Requested

PA1805195996 Panama City EL PANAMA AMERICA in Spanish 17 May 96 p A2

[Report by Juan Manuel Diaz]

[FBIS Translated Text] Immigration authorities have asked that the National Maritime Service (SMN) redouble its surveillance of the possible routes used by smugglers of illegal aliens, who are dropped off along various points of the coastline, a Government and Justice Ministry source has disclosed.

According to the source, these organized gangs introduce undocumented aliens by sea by using two primary routes, the first via the Atlantic Coast of Colon Province and the coastline of the San Blas Indian territory and the second via the Pacific Coast of Panama. The source has said the latter route uses points along the coast of the provinces of Panama, Veraguas, and Los Santos where undocumented aliens are dropped off. The source added that these organizations have Panamanian contacts that assist in the transfer of illegal aliens to Central America.

The source has said the activity of these groups that smuggle illegal aliens has increased in the last few months, adding that it is very difficult to stop this activity due to the lack of resources, particularly in isolated areas such as Darien Province.

The official also has said that drug dealers use similar routes to introduce narcotics and that there might be a connection between the two activities.

In the last few weeks, 180 illegal immigrants from Peru, Ecuador, India, Chile, and Asia have been detained and are ready for immediate deportation.

Smugglers charge between 1,600 and 10,000 Balboas according to the undocumented alien's place of origin. The network includes countries from all over the continent.

Panama: President Notes Changes in Police Directorate

PA2205004696 Panama City Telemetro Television Network in Spanish 1730 GMT 20 May 96

[Report by Mirna Ortega; from the "Telemetro Reports" newscast; passages withing quotation marks are recorded]

[FBIS Translated Text] The president of the republic has made official the change in the Office of the Deputy Director of the National Police. Changes in the National Police have been announced. Mirna Ortega has the details.

[Ortega] Following the graduation ceremony for police officers, President Ernesto Perez Balladares made official the promotion of Jose Gomez to the post of deputy director of the National Police, replacing Daniel Poveda.

[Perez Balladares] "I want to take this opportunity to bid farewell to Commissioner Daniel Poveda, who is retiring with a formidable and examplary record of service to the police and his country. We have replaced

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him with Deputy Commissioner Jose Gomez. His record in the institution ensures that he will be very successful."

[Ortega] Daniel Poveda thanked everybody who supported him while in office. Poveda is retiring after several years of service.

[Poveda] "All public functions, especially the police, must contribute to the creation of the suitable social conditions and atmosphere for all members of society to reach the maximum spiritual and material development possible."

[Ortega] The students received acknowledgment awards, prizes, and certificates.

[Police Director Jose Luis Sosa] "Good policemen are receiving a clear and direct message from the directorate of our institution. There is no second chance for corruption. Whoever brings dishonor to the police cannot remain a member of the police force."

[Ortega] President Perez Balladares publicly repudiated the kidnapping attempt against construction businessman Herman Bern.

[Perez Balladares] "We invite society to emulate the attitude of solidarity expressed that day by the Dos Mares community neighbors. In the face of criminal arrogance, we cannot, we must not, appear like a scared or shocked society."

[Ortega] This is the first group of graduates that will immediately receive their salaries, their identification cards, badges, and uniforms. This will allow them to immediately take to the streets without having to wait for months, as has been the case until now.

Panama: Security Agencies Complain of Contract Fraud

PA1705221996 Panama City EL SIGLO in Spanish 17 May 96 p 6

[Report by Diamar Aparicio B.]

[FBIS Translated Text] Several companies described as a "fraudulent," the hiring contract a local security agency won to guard the U.S. military bases and reverted areas, which is why they lodged a complaint before Army Criminal Investigation Director John Khin. [name as published]

The complaint stated that the company that won the contract was purchased by a European company for $1 million, which also bought the Primera Agencia de Seguridad, Inc. for 5 million balboas.

For that reason, "it must very worrisome for a Spanish company to provide its security services to our government, in a foreign country," the document stated.

Although it may seem grotesque, the complaint added, that this consortium won contracts to provide maintenance to the military base elevators, manage the Rodman ammunition warehouse, and others, presumably by using other legal names, although it is the same company.

"The issue among those of us who provide security services, is that the consortium has friends in the Pentagon, something that is neither fair nor legal," it stressed.

In view of the anomalies, a complaint was also submitted to the Contracting Directorate, addressed to Officer Mark F. Hester, to protest Contract No. DAHC92-96-0039, for security guards.

The complaint reiterated that the consortium that won the contract was purchased by a Spanish company, which leads to a flight of Panamanian capital, an action that is unfair to the national economy.

"We cannot understand how, based on the price it quoted, and considering Panama's labor laws, social security regulations, recent labor code changes, and common business practices, this company will be able to cover expenses and even make a profit," it stressed. For that reason, this contract for millions of dollars should be negotiated in the presence of the interested parties and new technical evaluations must be made, the complaining companies stated.

Panama: Survey Says People Reject Corruption, Trust Media

PA1905042496 Panama City LA PRENSA in Spanish 15 May 96 p 2A

[Report by Rolando Rodriguez B.]

[FBIS Translated Text] A recent survey Dichter & Neira Company conducted for the Foundation for the Development of Civic Liberty [Fundacion para el Desarrollo de la Libertad Ciudadana] has shown that Panamanians reject corruption and have no confidence in the Comptroller General's Office and the Regional Interoceanic Authority (ARI), but do trust the media and journalists.

I. Roberto Eisenmann, Jr., president of the Foundation's Board of Directors, unveiled the survey results, according to which, Panamanians "believe that corruption, both in the government and private institutions, has become intolerable."

The survey also showed that corruption "is becoming omnipresent, triggering a lack of confidence in institutions." The Comptroller General's Office, which 51 percent of those surveyed described as "rather inefficient," is among these institutions.

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The survey was conducted, on a personal basis, between 12 and 14 April among 1,179 Panamanians throughout the country. Corruption was the issue, and the margin of error is approximately 3 percent.

Panamanians also dislike the ARI, because 46 percent of those surveyed doubt that it will adequately handle the sales, concessions, and bids on reverted areas.

However, Panamanians' morale remained high, because most of those who were surveyed rejected the idea of having to pay kickbacks (bribes) and opposed quick enrichments by any means by politicians and common people.

Most Panamanians, however, believe that corruption does not adversely affect them. This is why, in the Foundation's opinion, it would be necessary to make citizens aware of this evil's potential cost.

As for the media issue, the survey revealed that most Panamanians have a very positive image of them. This contrasts with the negative image journalists have in other countries, especially in the United States, where they are perceived as "arrogant." Even though not less than half of those surveyed believe that the media are influenced by their owners, 65 percent of Panamanians believe that they are objective and professional, and 56 percent do not believe that journalists are "corrupt and can be bought off."

The survey also reveals that the habit of watching television affects the level of education. Moreover, the respondents believe reading is the best means of education.

The Foundation will use the information this survey gathered to move forward with its programs designed to improve journalism and the need to increase and improve reading habits among Panamanians by publishing works of national interest.

In addition, the survey showed that the average Panamanian "evaluates himself" as having a certain degree of power and being able to successfully face his community's problems. It was also detected that he has a disposition to be responsible for his children's education and that he has democratic concepts that go beyond simple elections.

According to the survey, the results failed to uphold the theory that Panamanians are inclined to believe in a paternalistic government; however, the results showed that they are somewhat pessimistic over the future as they feel that society is worsening, instead of improving. This is accompanied by a large dose of distrust. Most of those who were surveyed do not trust their neighbors, which is a negative sign that, according to the Foundation, indicates the need to make citizens more knowledgeable. This is one of the objectives of the Civic Power Program.

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Argentina

Argentina: UK Embassy Asked About Alleged War Crimes

PY2105035696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0116 GMT 21 May 96

[FBIS Translated Text] Buenos Aires, 20 May (NA) — The Argentine Ministry of Foreign Relations today asked the UK Embassy in Buenos Aires to provide information about the allegations of war crimes committed by British troops during the Malvinas Islands War. The Foreign Ministry issued a brief communique this evening in which it states, moreover, that it "had requested that the Argentine Embassy in London send, as soon as possible, the publications recounting such events."

In addition, the Foreign Ministry instructed the Argentine Embassy to remit "any other information of interest connected with these events."

The Foreign Ministry substantiated the request it made in this evening's communique "in pieces of information published by the media contending that British soldiers allegedly committed war crimes during the Malvinas Islands' War."

According to the communique, consisting of 10 lines, the Foreign Ministry asserted that "the information that is collected thanks to these steps will be passed on to the commission coming under the jurisdiction of the Defense Ministry that is in charge of probing into possible war crimes committed in the Malvinas Islands during the 1982 war."

Argentina: UK Soldiers' Excesses 'Need To Be Investigated'

PY2105031896 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1750 GMT 20 May 96

[FBIS Translated Excerpt] Buenos Aires, 20 May (NA) — Deputy Foreign Minister Fernando Petrella stated today that the disclosure in London of cases of atrocities committed by British soldiers against Argentine prisoners of war "need to be investigated." While making it clear that he doubted that "there is new evidence to reopen" the investigation into the alleged execution of Argentine soldiers, Petrella acknowledged that "we would have to analyze this new information and see to whom it refers and what circumstances it describes."

This was the Argentine Foreign Ministry's reaction to the publication of a book entitled "Green-Eyed Boys," which relates the case of Gary "Louis" Sturge, a British parachutist holding the rank of corporal, who allegedly murdered an Argentine soldier in cold blood.

A veteran of the Malvinas Islands war asserted this morning that "the British committed atrocities on the Argentine soldiers who surrendered at Mount Longdon in the Malvinas Islands," adding that the British soldiers "did not respect the Argentine soldiers' surrender and either shot them dead or killed them by thrusting bayonets into their chests or heads."

Jorge Alberto Altieri, a veteran of the Malvinas Islands war, told a Buenos Aires radio station that "they [the British soldiers] hit the Argentine soldiers, and as their bayonets could not pierce through all the clothes they were wearing, they thrust their bayonets at their enemies' heads." The assertions of this war veteran confirm the allegations of the new British book on the 1982 war, in which the authors — Adrian Weale and Christian Jennings — recount the war crimes committed by the British.

In reply to a question about whether the Argentine Government could request that the UK Government delve into these new circumstances, the foreign policy director general said: "That will depend on how thoroughly this new information is examined." This notwithstanding, Petrella made it clear that "pursuant to international law, one country cannot investigate what is happening in another one. Still, one can eventually resort to the Red Cross." Nevertheless, he stressed that "we are not in such a situation" because "one has to bear in mind that the wounds inflicted by wars take time to heal."

The Foreign Ministry official observed that "this does not mean that if Britain acknowledges that excesses were committed by the British troops [during the Malvinas Islands' war] and discovers those responsible for those excesses, there may not be some recourse open to us." [passage omitted]

Argentina: Di Tella Warns U.K. on Falklands

PY2105184796 Buenos Aires TELAM in Spanish 1347 GMT 21 May 96

[FBIS Translated Text] Buenos Aires, 21 May (TELAM) — Foreign Minister Guido Di Tella warned today that Argentina will not continue negotiating with the UK the issues of oil exploration and fishing around the archipelago if the Malvinas Islands status is modified. "If there is a change in the status quo" of the Malvinas Islands "we would discontinue the negotiations on fishing and oil" Di Tella emphasized. The foreign minister rejected Kelpers pretensions on the principle of self-determination.

Di Tella made these remarks at the Jorge Newbery Airport shortly before leaving for Brasilia where he will meet with his Brazilian counterpart Luiz Felipe

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Lampreia to analyze the current status of the two countries bilateral trade and aspects of the upcoming Mercosur (Common Market of the South) summit scheduled for 25 June.

Di Tella departed a little after 0930. He was accompanied by Economic Negotiations Secretary Jorge Campbell, Coordination and General Secretary Andres Cisneros, and Latin American Affairs Secretary Juan Jose Uranga.

Asked about the request made by Kelpers about the principle of self-determination, Di Tella stressed that "Argentina denies the applicability of the principle" for inhabitants of that archipelago, adding that the United Nations "has said that this population does not express a feeling that can be made legitimate." The official said that Argentina currently "has more support than ever" in the Nonaligned Movement for its position of Malvinas sovereignty.

"Argentina's position has been understood and is respected by countries in the First, Second, and Third Worlds. We have a very solid support in Latin America. We have some key supports we did not have in the past, for instance, China's support," Di Tella said.

Asked whether Argentina will present a protest before Great Britain as a consequence of reports published in the book "Green- Eyed Boys" by Adrian Weale and Christian Jennings talking about war crimes against Argentine soldiers during the Malvinas war, Di Tella said: "Yesterday we made a strong request. We will study what to do next if those incidents are confirmed. At first we had a negative answer (from London) with respect to the credibility of the report," Di Tella said.

Asked whether he would be willing to testify in Congress on the alleged diversion of Argentine weapons abroad, Di Tella answered that we would go "with pleasure and great enthusiasm."

Argentina: Falklands Autonomy Aspirations Cause 'Concern'

PY2105035296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1750 GMT 20 May 96

[FBIS Translated Text] Buenos Aires, 20 May (NA) — Deputy Foreign Minister Fernando Petrella stated today that if the Malvinas Islands' inhabitants managed to have the United Nations admit the possibility of the Malvinas Islands becoming an independent state within the Commonwealth, this would create "a climate of great uncertainty in the South Atlantic." This notwithstanding, Petrella made it clear that "it is very difficult" for this project "to succeed" on account of the line of action the United Nations has been following as regards this issue.

The foreign policy director general observed: "The islanders have been trying to obtain greater autonomy, something which they have achieved from an economic and institutional point of view. Still, they have failed in their attempts at having the United Nations acknowledge their autonomy, and the Argentine Government has managed to successfully counter these attempts." The Foreign Ministry official thus referred to the Kelpers' long-standing aspirations to achieve the status of an independent state within the Commonwealth.

The Foreign Ministry will combat the Kelpers' plan aimed at having the UN Decolonization Committee include a clause in a resolution that will be voted on this July acknowledging "the right to self-determination." Nevertheless, there is mild concern about this because most of the members sitting on this UN committee belong to the Nonaligned Movement, from which Argentina defected in 1991.

Petrella, speaking on the radio, explained this morning that the ones who are behind this proposal are "a group of islanders who have remarkable authoritarian leanings, with which the rest of the Kelper community does not agree." The deputy foreign minister further stated that the group in question "is promoting this type of solution by taking advantage of the situation prevalent over the last 15 years as a result of the war."

Petrella explained that on account of this, "the British Government allowed the islanders to have more autonomy. In addition, as a result of the severance of diplomatic relations between Britain and Argentina, the Kelpers gained certain economic autonomy, which greatly increased the island's prosperity."

The official acknowledged that there may be "some difficulties" because "these things have never been easy." He thus hinted at the fact that Argentina may fail to muster the necessary votes to turn down the Kelpers' proposal.

"The appearance of difficulties [at the debate in the UN committee] will be indicative of a change in the international status quo, which will mean that countries look at things from a different angle and are concerned about other problems. In any case, if this proposal were to meet with the committee's approval — something which is most unlikely — it would create a climate of great uncertainty in the South Atlantic," he asserted.

Petrella went on to say: "This is especially true regarding what pertains to joint activities — namely, fishing, oil prospecting and exploitation, the prevention of pollution, and other things which are of common interest — because they would no longer be regulated. This will, in

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the very short term, be very damaging for the Kelpers' interests."

While underscoring that the Foreign Ministry has received no information about whether or not the Kelpers will make this request," Petrella conceded that "they have already tried, several times, to do so, but to no avail."

"They failed in their attempts because the persons responsible for decisionmaking were of the opinion that the islanders' position was totally out of place," he stated.

Argentina: Security Accord Signed With Paraguay, Brazil

PY2005183496 Buenos Aires TELAM in Spanish 1905 GMT 18 May 96

[FBIS Translated Text] Puerto Iguazu, Argentina, 18 May (TELAM) — Argentina, Brazil, and Paraguay today agreed to create a special coordinating unit to guarantee security in the "Three Borders" zone. The measure will become effective before 1 June 1996. The document says: "The three countries will install this special unit to coordinate security measures and to exchange information among Puerto Iguazu, Foz do Iguacu, and Ciudad del Este."

The agreement was signed by Argentine Interior Minister Carlos Corach, Paraguayan Interior Minister Juan Manuel Morales, and Brazilian Justice Minister Nelson Acevedo Jobim. The document says the special coordinating unit "will become operational not later than 1 June 1996;" it will have its operative base in the three cities in the border zone; and its respective heads "will answer directly to the respective political head of internal security," that is, the three signatory ministries. The agreement was signed at the Hotel International Iguazu at 1400. The ministers later held a joint news conference.

Corach said the document "reflects the irrevocable will of Presidents Carlos Menem (Argentina), Fernando Henrique Cardoso (Brazil), and Juan Carlos Wasmosy (Paraguay) to face terrorism, drug trafficking, money laundering, and all other types of transnational crimes head on." Carlos Corach said: "These crimes demand a global, multinational, coordinated, and efficient answer."

President Menem said: "We are very satisfied with the results of this meeting. It is the logical consequence of the meeting in Buenos Aires on 18 March," when we called for global action to fight terrorism and drug trafficking.

Corach emphasized: "The agreement to increase security and fight drug trafficking, smuggling, money laundering, and terrorism in the Three Borders zone will become operative immediately and clearly."

Brazilian Justice Minister Acevedo Jobim said: "We have devised a serious program to articulate reciprocal security actions." Jobim said the program will include the identification of transit registrations and persons moving within the Three Borders zone. Jobim said: "This is the birth of a regional policy against drug trafficking, the theft of auto vehicles, and other crimes that affect Mercosur, all within the framework of the state of law and regional integration."

Juan Manuel Morales said: "The creation of this special coordinating unit will make the fight against organized crime a reality and provide security for citizens whose problems are not restricted to a single country because these problems have gone beyond geographical boundaries."

Corach said: "Within a few weeks we will put into circulation a Local Transit Card, which will be optional for inhabitants in Puerto Iguazu, Foz do Iguacu, and Ciudad del Este." The Argentine minister said the Local Transit Card and the tripartite database are ways to identify persons and vehicles circulating in the region.

The joint commission, in which Argentina is represented by Population Secretary Aldo Carreras and National Migrations Director Hugo Franco, decided on these two instruments during a meeting yesterday.

Corach, Acevedo Jobim, and Morales met at the International Hotel at 1050. Later they boarded a bus to tour, with their entourages, the three border cities. During the tour the three ministers watched the operation of the migration office at the "Tancredo Neves" international bridge (between Argentina and Brazil). The group then walked across the Friendship Bridge (between Brazil and Paraguay) where they observed a routine procedure to check cargoes, charge taxes, and prevent contraband.

Argentina: Interior Minister Admits Arms Trade Problem

PY2105002796 Buenos Aires TELAM in Spanish 1918 GMT 18 May 96

[FBIS Translated Text] Puerto Iguazu, Argentina, 18 May (TELAM) — Interior Minister Carlos Corach acknowledged today that the arms trafficking in the "tri-border area" between Argentina, Brazil, and Paraguay could be used for sending arms abroad. "One of the grave problems in the zone is the arms trade. There were several important operations in the past few days involving the National Borders Police, the

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Brazilian Federal Police, and the Paraguayan National Police, in cooperation with intelligence organizations, to investigate cases of arms deals in the region," Corach said.

The Argentine minister said that "important lots of weapons can leave the area very easily. These weapons can then be triangulated through the illegal trafficking. We must take this very much into account," Corach said during a joint news conference. Asked how the campaign against that scourge will be financed, Corach said that "each country has funds for the purpose; besides, there are technical assistance agreements on security matters and the struggle against terrorism, such as the treaty Argentina recently signed with Israel."

Brazilian Justice Minister Nelson Acevedo Jobim confirmed that Brazilian police authorities believe that the explosives found yesterday under the Friendship Bridge [Puente de la Amistad] (between Brazil and Paraguay) are part of a "contraband operation."

"There was no intention to carry out a terrorist attack," Jobim emphasized. He added that Brazil "is negotiating an agreement with the United States to control the exit of arms from the entire Brazilian territory." Jobim said that "all citizens of Arab and Palestinian origin living in the region will have their documents updated and renewed," stressing that "the tripartite special coordinating units will coordinate prevention measures and the identification of individuals."

Paraguayan Interior Minister Juan Manuel Morales said that "the immigration controls in Ciudad del Este are similar to the controls in other countries. There is no discrimination against residents of Arab origin," Morales said, adding that in Paraguay "we try to identify all foreigners."

Argentina: Deputy Foreign Minister To Be Ambassador to UN

PY2105233796 Buenos Aires TELAM in Spanish 2059 GMT 21 May 96

[FBIS Translated Text] Buenos Aires, 21 May (TELAM) — It was officially announced today that the National Executive Branch this afternoon issued Decree 537 appointing Deputy Foreign Minister Fernando Petrella head of Argentina's permanent mission to the United Nations.

Petrella will hold the rank of secretary of state, and will replace Emilio Cardenas, who had submitted his resignation to President Carlos Menem.

Argentina: Di Tella 'Confident' Chile Will Join Mercosur

PY2105214696 Buenos Aires TELAM in Spanish 1744 GMT 21 May 96

[Report by unidentified special TELAM correspondent]

[FBIS Translated Text] Brasilia, 21 May (TELAM) — Foreign Minister Guido Di Tella asserted here today that in spite of the complexity of the negotiations for Chile's incorporation into Mercosur [Southern Cone Common Market], the parties have "the political will" and the determination to sign an agreement in San Luis Province on 25 June. The foreign minister made these remarks in the course of a visit to Brasilia, where he was received by his Brazilian counterpart Luiz Felipe Lampreia and Argentine Ambassador to Brazil Alieto Guadagni.

Di Tella is to meet with Lampreia this afternoon to analyze progress in negotiating Chile's accession to Mercosur, economic and political questions of bilateral interest, and the controversy over the textile trade between Argentina and Brazil.

Upon his arrival, Di Tella stated that the dispute over the sovereignty over the Malvinas Islands will also be on the agenda of his meeting with the Brazilian foreign minister. Di Tella said in passing that "Mercosur member countries and Chile have endorsed" Argentina's position "on this subject."

The head of the Argentine Foreign Ministry observed that "negotiations with Chile continue," adding that "the central questions have to do with laying down rules of origin that will govern traded goods." He said: "The ideal would be to reach agreement on all tariff items but even if some tariff decisions are pending, we are still confident the presidents will sign the agreement in San Luis on 25 June."

The foreign minister attended a luncheon hosted by Lampreia at Itamaraty. He was accompanied by Coordination Secretary Andres Cisneros, International Economic Relations Secretary Jose Campbell, and Juan Jose Uranga, under secretary for Latin American affairs.

Argentina: Article Reveals Chile-Mercosur Conflicts

PY2105185196 Buenos Aires LA NACION in Spanish 21 May 96 p 4

[FBIS Translated Text] Negotiations between Chile and Mercosur [Common Market of the South] seems to have bogged down during the first round of definitions that started in Buenos Aires, just as it was anticipated by the conflicting remarks made by negotiators last week.

The controversy reached such a level, and the exchange of opinions such a tone, that a specific problem dealing

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with the requisites that a product must have to enter the bloc with preferential tariff provoked the discussion of everything that was agreed between Chile and Mercosur over the past year and a half.

An Argentine Foreign Ministry source explained the situation after the meeting at the Foreign Ministry: "Their strategy is very clear. The Chileans want to extend the negotiations to the last minute because they understand that in this way they will get more concessions. They are definitely wrong. Mercosur will not change what it already signed."

The source added: "We want to sign an agreement during the Buenos Aires summit on 25 June. But if the signature endorses a commercial step back for any of the four Mercosur member countries, the agreement will not be signed."

Lack of Desire

Economic Negotiations Secretary Carlos Mladinic explained Chile's objections, which not only criticized the overall meaning of the memorandum [signed by President Carlos Menem and Brazilian President Fernando Henrique Cardoso in Punta del Este in December], but also objected to the terms in which it was written.

"This was a clear show of the Chilean lack of desire to reach an understanding. The memorandum, which was perfectly written, made clear that a product will have preferential tariff if the components in local added value and regional raw materials reach 60 percent," the Argentine source said.

Jorge Campbell, Argentine International Economic Relations Secretary, and his Brazilian counterpart Renato Marques could not avoid the disappointment caused by the position adopted by Chile. They, more than anyone else, have the responsibility for making sure that Menem and Cardoso can sign in June what they announced in Punta del Este last December. The signature of the agreement was not possible then due to President Eduardo Frei's absence.

"The memorandum sent by Mercosur was as close as possible to what was negotiated in previous meetings. What we want is to prevent the entry into the bloc of products made with subsidized raw materials (such as European milk for Chilean cheese) or products that has less than 60 percent in added value (clothing imported from Southeast Asia). This is why we think Chile's protests are deliberate. They are an answer to Chilean internal problems," the Argentine source said.

The meeting was still going on in Buenos Aires when Chilean Foreign Minister Jose Miguel Insulza confirmed in his country that the signature of the agreement between Mercosur and Chile will be made official next June, even though some issues are still pending.

The source said: "That clearly shows their intentions. They want to change the periods for the unification of tariffs on some products where Chile is competitive, solve earlier specific rights, and postpone what was asked in the memorandum."

Argentina: Memem Suspends Excise Tax for One Year

PY2105233496 Buenos Aires TELAM in Spanish 1928 GMT 21 May 96

[FBIS Translated Text] Buenos Aires, 21 May (TELAM) — Argentine President Carlos Menem today signed Decree 538 temporarily exempting most products from the payment of excise tax. Secretary of Commerce Marcelo Regunaga confirmed that this measure will be in effect until 30 May 1997.

This exemption will reduce domestic revenues by 250 million pesos, but the Finance Ministry hopes that lower prices will increase demand, and that the resulting increased revenues from VAT and other taxes will help offset the loss.

Argentina: Peruvian Opposition Meets With Senator Menem

PY2205005096 Buenos Aires TELAM in Spanish 1554 GMT 21 May 96

[FBIS Translated Text] Buenos Aires, 21 May (TELAM) — Provisional Senate President Eduardo Menem today promised Peruvian opposition lawmakers that they will continue to investigate the alleged third-party sale of Argentine weapons to Ecuador "until those responsible are caught."

This was reported by Congressman Harold Forsyth, from the Union for Peru Movement, who confirmed that Senator Menem "conveyed his commitment that the judiciary will conclude the investigations and thus strengthen the long-standing relations between Argentina and Peru."

Forsyth said: "There is concern in Peru that bilateral relations could be damaged over the arms deal." He added: "The Ecuadoran Government is also responsible because it knows it acquired those weapons through a dubious deal."

Congressman Dennis Vargas from the Democratic Coordinating Movement-Peru Viable Nation, told TELAM: "We had a cordial talk with Senator Menem, as befits congressmen from sister countries who must engage in pithy dialogue." The Peruvian lawmaker

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stated: "Senator Menem hinted that the Argentine Congress will not become fully engaged in this issue for the time being, and will probably refrain from interpolating (Defense) Minister (Oscar Camilion) until after the courts rule on this issue."

Meanwhile, Justicialist Senator Omar Vaquir reported: "The Peruvian lawmakers insisted that this problem does not affect relations between Argentina and Peru, whether present or future." He nonetheless believes "it would be naive not to acknowledge that it does not help our bilateral relations." Vaquir participated in the meeting with the Peruvian congressmen. He added: "We and our Peruvian colleagues clarified the situation of Argentina, which is not only a guarantor of the peace process between Ecuador and Peru (by virtue of the Rio de Janeiro Protocol) but also a guarantor of the Peruvian and Ecuadoran borders. The Peruvian lawmakers ratified their confidence in Argentina."

Vaquir stated: "One very clear issue was the position President (Carlos Menem) had adopted toward his defense minister, which had concerned some of them."

Following the meeting, Vaquir said: "We explained that the head of state has neither confirmed nor reiterated his confidence in Camilion, but rather entrusted the defense minister with the task of heading the investigation until everything is clarified."

Argentina: Menem's Position on Arms Scandal Viewed

PY2205003296 Buenos Aires CLARIN in Spanish 19 May 96 pp 2-3

[Report from Anillaco, La Rioja Province, by CLARIN correspondent Nancy Pazos]

[FBIS Translated Excerpt] Argentine President Carlos Menem hinted on 18 May that he would accept Defense Minister Oscar Camilion's resignation if the minister were to offer it prompted by the political damage inflicted by the diversion of Argentine arms to Croatia and Ecuador.

This was yet another change in the position that Menem has been maintaining so far: On 17 May he admitted that there are members of the administration involved in the arms scandal, after having said for months that the administration had been deceived by the arms dealers.

This is what Menem told CLARIN during a news conference:

[Pazos] You said on 17 May that there are members of the administration involved in the arms scandal.

[Menem] Yes, but your newspaper (CLARIN) also reiterated something I have been saying for a long time. The state, the administration, has nothing to do with the sale of arms to those countries, because there is still no evidence that Argentina has sold these weapons. If anybody in the administration is involved, they will have to pay for it. The cases against three of the indicted individuals have been dismissed.

[Pazos] Sarlenga's [former Military Industries trustee] indictment, however, is moving ahead?

[Menem] Yes.

[Pazos] You said that a member of the administration could be involved because it has come out in the investigation?

[Menem] No. I said what I have been saying all the time. There is an inquiry. These inquiries have led to the indictment of four people; the cases agaisnt three of them have been dismissed. The investigation continues.

[Pazos] Would you accept Minister Camilion's resignation if he were to submit it?

[Menem] Right now those who submit their resignation.... Well, I suppose it is because they want to leave. As a rule, when one submits a resignation it is final.

[Pazos commentary] The president was fully aware of what he was saying ("I am giving you a headline," he acknowledged immediately), and chose not to mention anything about his backing of Camilion. This is the first time he took this stance since the scandal involving sale of Argentine arms to Ecuador surfaced.

A government offical very close to the president was heard saying at the Los Amigos Hotel, after the news conference was over: "He killed Camilion."

The other members of Menem's official entourage for this weekend in La Rioja Province had the same impression.

Menem's hint at a political solution to the crisis, however, seems to be in keeping with what Camilion wants to do. The defense minister mentioned this possibility at private meeting he held with Justicialist Party senators and deputies before reporting to the defense committees of the two chambers on 14 and 15 May.

"I am staying here only because I do not want to soil my entire political record. I do not care about my job; I care about my record. Once it is established that I had nothing to do with this, I am leaving," Camilion told a couple of lawmakers. [passage on background material omitted]

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Argentina: 'Commission' on Arms Sale Being Investigated

PY2205001296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1450 GMT 21 May 96

[FBIS Translated Text] Buenos Aires, 21 May (NA) — A General Directorate of Military Industries (DGFM) technical recommendation okaying the sale of weapons to Venezuela — which ended up in Croatia — and signed by DGFM [former] trustee Luis Sarlenga, establishes "a 13 percent commission on intermediation expenses."

The complete text of the technical recommendation, which was published in today's issue of the daily EL EXPRESO DIARIO, states, in its third paragraph, that Sarlenga "decides to accept a 13 percent commission on intermediation expenses, which will be transferred to the Bank of Montevideo, Account No. 01-20064-6."

Federal Judge Jorge Urso, who is hearing the case of the illegal sale of weapons, is now trying to establish the name of the holder of this account.

The weapons, the sale of which is authorized by the resolution signed by Sarlenga, comprise more than 4 million rounds of 7.62 x 51-mm ammunition, two million rounds of 12.7-mm ammunition, 20,000 40-mm cartridges, 20,000 105-mm cartridges, and 18 105-mm caliber cannons.

The same newspaper makes it clear that the 18 cannons photographed during a parade in Zagreb on 30 May 1995 were not part of a shipment of weapons sent by Argentina. "Those cannons were sold to Croatia by Britain, which had captured them during the Malvinas Islands war in 1982."

Bolivia

Bolivia: Foreign Ministry Official on Relations With Chile

PY2105033896 La Paz PRESENCIA in Spanish 12 May 96 p 5

[Interview with International Relations Secretary Jaime Aparicio by Andres Martinez; place and date not given]

[FBIS Translated Text] [Martinez] In an interview with PRESENCIA, Consul Oscar Fuentes has said that the allegations of an invasion of Bolivia [by Chileans], the diversion of Bolivian rivers [by Chileans], and the objections raised against the [Chilean] company Cruz Blanca, among other things, are just a "fantasy" and are part of a conspiracy spearheaded "by some media and populist sectors" to destabilize relations with Chile. Do you believe that such a conspiracy really exists?

[Aparicio] We are studying this situation on a case-by-case basis and for each case we have appointed a commission, which has been tasked with verifying these allegations as soon as possible and with utmost seriousness, since this subject affects the interests of our country. This notwithstanding, many of these allegations are undoubtedly groundless, and therefore such irresponsible behavior in this type of thing is most regrettable. Heaven forbid that the fable of the wolf should repeat itself — the little shepherd kept saying that the wolf was coming [but it always turned out to be a false alarm], and when the wolf did indeed come, nobody took him seriously.

[Martinez] President [Gonzalo] Sanchez de Lozada has argued that one should not attach conditions to diplomatic relations with Chile, and that the fact that both peoples were well disposed towards "holding veritable talks" was more important than diplomatic relations themselves. Would that mean that the incumbent administration is only awaiting favorable public opinion to resume diplomatic relations?

[Aparicio] The subject of the resumption of diplomatic relations has not yet been broached in any of the contacts that we have had so far. Still, we are holding talks to try to solve some problems in our bilateral relations. This process is rooted in concrete realities like, for example, a paved road linking Bolivia with Arica, which will soon be inaugurated.

There is a central issue in Bolivia — an issue in which Brazil, Chile, and Peru are also involved — namely, the transoceanic or service corridors. This project will not only benefit Bolivia and Brazil, but will also foster a major development of the ports located on the Pacific Ocean. This will entail many changes, even changes of mentality. Another burning issue is the solution to problems inherent in Bolivia's foreign trade and the access to ports for storage purposes. As we unravel these problems, things will start moving ahead steadily.

[Martinez] Towards a resumption of diplomatic relations?

[Aparicio] There is no question of talking about that now because we have to see first what situation will lead us to that, and what public opinion thinks about it.

We constantly need to see what possibilities of action we have, and we are not considering the resumption of diplomatic relations with Chile for the time being. We will have to see whether this question comes to light in the next contacts we have.

[Martinez] Are you aware of the fact that it would be fatal for the incumbent administration to establish a deadline to resume diplomatic ties with Bolivia —

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which has been set for the end of the year — as 1997 is a presidential election year?

[Aparicio] We have not established a deadline. We are proceeding with extreme caution. We have not set ourselves a specific goal. If we come to an agreement, it will be thanks to the way things unfold. It is not a question of staking out what we are going to do or thinking that the present administration should do such a thing and the next one something else. In sum, we are in no way seeking the limelight.

[Martinez] You have just mentioned that the issue of the export corridors is of utmost importance. With regard to this, isn't there a risk that Brazil's and Chile's exports of agricultural produce via Bolivia will have an adverse effect on our domestic agricultural activities? Won't our country be turned into a mere transit country for our neighbors' exports? Will Bolivia end up by selling goods produced abroad on the roads?

[Aparicio] There are many risks involved in such a complex subject, but we also run the risk of other corridors being established elsewhere. This is why rather than thinking that this subject is the bogy of our production, we must adequately assess it, basing ourselves on technical studies, the possibilities of our roads, investments that will be made, etc.

It goes without saying that all intelligent people are aware of the fact that the Pacific ports are insufficient. This is why the choice between Arica or Illo is a false dilemma. The moment a new agricultural border between Bolivia and Brazil is established, the transport of produce, which in volume terms will surpass 3 million tonnes, will jam the roads. We are talking about 1,000 trucks per day.

[Martinez] You stated in Santiago that economic ties between Bolivia and Chile ought to be enhanced. Still, Bolivians dread Chilean investments. Do you think that this is a justifiable dread?

[Aparicio] I do not think so. Let us talk about investments in general, which we need to develop our productive capacity. We can advance concrete explanations for the problem of the trade deficit, such as floor and ceiling prices prevalent in Chile, but this does not greatly affect our terms of trade. These prices are not the reason why the balance of trade is tipped in Chile's favor. The major problem lies in the fact that there is a difference in the productive structure of both countries, and the only way to develop ours is to have access to markets like the Chilean one or others. We will achieve this thanks to investments. We must realize that the feasibility of our export policy in the future will be inextricably linked to investments, regardless of where they come from.

No country furthering an open market policy lacking in means will start discriminating between foreign investors. This is not a global policy. The fact remains that we need investments, and it is obvious that for an open market like the Chilean one, it is attractive to invest in Bolivia and then export to Chile. This not only provides us with an opportunity to narrow our trade deficit; it is the fundamental way of solving the structural problems afflicting Bolivia.

Brazil

Brazil: Finance Minister Pleased With New Orleans Meeting

PY2105205796 Rio de Janeiro O GLOBO in Portuguese 20 May 96 p 17

[Report by Jose Meirelles Passos in New Orleans]

[FBIS Translated Text] Economy and finance ministers of the Americas this weekend took a major step toward creating a common market of the Americas by 2005. They have established an action plan to integrate the financial systems of the region and committed themselves to strengthening the oversight of banking operations and to fighting financial crimes — especially money laundering, including those activities stemming from drug trafficking and white collar crimes.

The group, which convened in New Orleans under the coordination of U.S. Treasury Secretary Robert Rubin, decided to study ways of promoting exchange of fiscal and financial information on individuals and companies alike with a view to fighting corruption. The ministers also committed themselves to pushing for legislation in their respective countries that would make money laundering a punishable financial crime in their respective penal codes.

Rubin said: That type of crime should not be left entirely in the hands of justice ministers. After all, economy and finance ministers are the ones having the tools to fight money laundering.

The agreement signed by the ministers provides for the creation of "accounting standards that could be easily understood from one country to another, so that an investor in one country may not harbor doubts about the meaning of information concerning another country."

It was also agreed to start a technical training program for auditors and supervisors of banks, stock exchanges, and financing companies. This program is designed to train fiscal and banking auditors, who would follow the techniques used in developed countries. These courses will be sponsored and financed by the Inter-American Development Bank (IDB).

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Rubin added: Our countries are determined to develop and strengthen mechanisms that would keep markets solid and protect investors. Similarly, we want to promote creativeness, and these objectives call for an end to both obsolete regulations and to those jeopardizing competition.

Rubin said that never before had he attended a meeting having such a high technical level, "not even in G-7 meetings."

Brazilian Finance Minister Pedro Malan also conveyed satisfaction about the results of the talks. Brazil, after all, managed to remove the environment topic from the agenda of the meeting. Malan argued that the meeting was designed to debate financial, not environmental, issues.

Another opinion that earned widespread support was the necessity of adopting contingency measures to control the inflow of capital to avoid excessive amounts of short-term capital, which could pose a threat to a country's macroeconomic policy.

The above position was conveyed by Chile, endorsed by Brazil, and approved by everyone. Malan said: Sometimes it is in our best interest to collect a toll for the entry of capital in order to avoid problems such as that which occurred in Mexico.

The ministers will meet again two years from now to analyze the results of the measures that will be implemented between now and then. At that new meeting, they will discuss other provisions that would be necessary to promote the integration of their markets.

Brazil: Finance Ministers Meeting Communique Viewed

PY2105220496 Sao Paulo GAZETA MERCANTIL in Portuguese 20 May 96 pp A1, A5

[Article by Getulio Bittencourt in New Orleans]

[FBIS Translated Text] Brazil and the United States again polarized the meeting of economy and finance ministers of the Western Hemisphere that concluded on 18 May in New Orleans. Thanks to the persistent but conciliatory style of Brazilian Finance Minister Pedro Malan, Brazil managed to modify the points it considered relevant in the final communique signed by the finance ministers. They are as follows:

— The communique refers to the Free Trade Area of the Americas (FTAA), "which is designed to eliminate the barriers to trade and investments by 2005." The communique of the ministers in the 1995 Denver meeting was perhaps more categorical, as it asserted that the "negotiations must not be concluded after 2005."

Malan recalled that, since the 1950's, the EU was forced, on several occasions, to modify the term established for the formation of its free trade area, on account of unexpected difficulties. He said that the project was attained anyway. "We see no problem, if the Americas unite by 2006, 2007, or 2008," he said. Despite this, Malan views the merit of the 2005 goal "as an indication."

The United States insists on the 2005 date, based on studies that demonstrate that Latin America needs to grow very fast to reduce its poverty level. The Latin American market must therefore grow considerably, and the United States estimates that in 2010 it will be exporting more to Latin America than to Europe or Japan.

Brazil considers that the lifting of trade barriers in the region is not restricted only to deregulating Latin American rules for U.S. exports. "Trade is a two-way street," Malan said. This means that the region also expects the U.S. to correspond by eliminating its trade barriers to Latin American exports.

— Dissemination of economic information. The rough copy of the communique proposed a level of economic detail stricter than that demanded by the IMF in a shorter period of time (2 years). Brazil estimated that the level of multilateral demand was appropriate, and this position prevailed in the final version of the communique. "We support the IMF standard for disseminating information."

"We are a country that favors multilateral relations," Malan said. Our exports to Europe, Asia, and Latin America are just as or more relevant than our exports to the United States. This is why Brazil gives priority to multilateral rules. It is senseless for a regional agreement to impose stricter rules than multilateral agreements."

— Control of short-term investment flow can be justified under certain circumstances. The final communique recognizes that "some of our countries believe that direct measures are useful to moderate such a flow of investments."

This position "was defended by Chile, with our support," Malan said. U.S. Secretary of the Treasury Robert Rubin laughed when he heard a question about the subject during the final collective news conference, and he turned back to look at Chilean Finance Minister Alejandro Foxley [name and title as published], who was directly behind him.

— Sub-regional associations. The draft copy of the communique recognized that the sub-regional trade pacts could be particularly useful "for small countries." Brazil objected by saying that the Common Market of the

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South (Mercosur) is useful and it is not made up of small economies. The final communique states that the ministers "recognize that sub-regional financial integration could be an intermediate step toward hemispheric integration."

In the next sentence, the communique adds that "this is particularly promising for market development in some small countries." The discussion continues therefroom, demonstrating the opposing views of the United States and Brazil which were already obvious during the Denver meeting. Brazil wants to continue with the Mercosur; the United States wants to stress a hemispheric agreement. Argentina's position is dubious.

— The draft copy of the communique proposed an item on environmental control which Brazil considered out of context. Malan pointed out that most of the countries agreed with Brazil's objection, so the reference to the subject was eliminated in the final document.

Malan considers the remaining points of the final communique as points agreed upon by consensus, and they refer to three main subjects: The maintenance of a healthy private investment policy; the development, deregulation, and integration of financial markets; and the effort to combat financial crimes.

The first point was one of the subjects mentioned during the 17 May dinner for ministers in attendance. Malan and Mexican Finance Secretary Guillermo Ortiz told U.S. Treasury Secretary Robert Rubin that the situation of social inequality of Brazil and Mexico is different from that of Argentina and Chile, which have balanced societies with a higher level of education. This means that governments play a more prominent role in Mexico and Brazil.

The Brazilian finance minister praised the technical training program for auditors and supervisors of financial institutions. Malan stressed that Brazil has placed more economic information from his country on the Internet than the rest of the countries of the region. "I have received praise in my E-Mail," he said.

The issue of financial crimes and drug money laundering were among the subjects discussed with U.S. Treasury Department officials. An American reporter asked an official if any Latin American resentment was sensed regarding the U.S. attempt to teach mechanisms to combat the mentioned crimes, considering that the United States concentrates the largest volume of money laundering in the world.

"We are not happy with the fact that money laundering is still a practice in the United States, even though we began to combat this problem in the 1960's," the official said. "Since then, we have developed many mechanisms that could be useful for other Latin American countries."

Malan reported that he is studying a draft law punishing money laundering by Brazilian banks. The U.S. Administration praised Mexico, which already approved a similar law in April, and the Dominican Republic, which has made progress in this area. The next hemispheric meeting will take place in December in Bolivia.

Brazil: Angolan Envoy Says 1,200 Angolans Face Return

MB2105194796 Luanda Radio Nacional Network in Portuguese 1900 GMT 21 May 96

[FBIS Translated Excerpt] A total of 1,500 Angolan citizens might be repatriated from Brazil. The Brazilian Government will repatriate all Angolans living in the country if they fail to leave voluntarily by the end of this year.

Angolan Ambassador to Brazil Osvaldo Van Dunem says things are not as bad as that:

[Begin Van Dunem recording] There is some truth to that news item but not totally. There are about 1,200 Angolans who arrived in Brazil for a variety of reasons after 1975. The Angolan Foreign Affairs Ministry and the UN High Commissioner for Refugees have been in constant contact to effect their normal repatriation. [end recording] [passage omitted]

Brazil: Editorial Views U.S.-PRC Conflict Over Trade

PY2105190596 Rio de Janeiro JORNAL DO BRASIL in Portuguese 17 May 96 p 13

[Editorial: "A Clash Between Giants"]

[FBIS Translated Text] The United States has threatened to charge a 100-percent overprice on PRC merchandise worth some $3 billion if, by 17 June, the PRC Government does not adopt drastic measures to restrain intellectual property piracy over software [preceding word in English], CD's, laser records, books, and videos. The Chinese have struck back with an extensive list of U.S. products, thus igniting the fuse of the trade war in the Pacific Ocean Basin.

There is time enough for a negotiated solution. This time, however, Washington has used what they call the PRC Government unwillingness to implement an accord against piracy in order to submit the Asian country to a test of strength. As Winston Lord — assistant secretary for East Asian and Pacific Affairs — said, "if the United States does not put an end to the PRC trade practices,

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the U.S. Government will not be protecting its interests and will lose Beijing's respect."

The tolerance being shown by the United States is a well-measured risk: the idea has been to bet on the PRC's domestic transformation by intensifying trade relations and speeding up the implementation of a market economy. The Chinese, however, hesitate in allowing economic partnership to give birth to a pacifist and open society. Globalization erases the lines that separate business from diplomacy and politics, but not to an extent that ensures the enforcement of democracy.

As a matter of fact, while the economic importance of the PRC increases, concern over its human rights policy, the difficult access to its markets, and its military and diplomatic plans remain. Intellectual piracy is not the only problem. The conflict over Taiwan, the sale of nuclear weapons to Pakistan, and the absence of public freedoms are also cause for concern. Broader accords and abundant exports are not yielding practical results. Washington has been clearly warning Beijing that it will not longer place the financing of the Boeing company (which has been supplanted in a recent accord between the Chinese and the Airbus Industrie) above the global security interests of the United States.

The first crucial date will be 3 June, when the most-favored nation clause will probably be reviewed. As the PRC does not belong to the WTO yet, the clause allowing transactions based on the same customs rights of other countries has to be renewed every year. The enterprises that are affected by the PRC trade policies, the conservatives, and those who defend human rights support the confrontation policy.

Those who have less catastrophic views point out that India began to store nuclear weapons before Pakistan did, that pampered Syria is a dictatorship, that Mexico also commits piracy crimes, and that the Japan-U.S. trade surplus surpasses that of the PRC. These people will then reach the conclusion that if Washington fails in establishing a long-term relationship with the PRC, which should be based on peace and prosperity for the Pacific Ocean Basin, this fact can become the worst diplomatic tragedy of the end of this century.

For the time being, Clinton has his eyes set on the November presidential elections and on leaving the hard-line Republicans, those who miss the Cold War, and the human rights militants, without arguments. As a result, the chances of a clash between giants increase.

Brazil: 'Final' Sivam Vote in Senate Slated for 23 May

PY2205014696 Sao Paulo AGENCIA ESTADO in Portuguese 2302 GMT 21 May 96

[FBIS Translated Text] Brasilia, 21 May (AE) — On 23 May, the Senate will vote on the bill authorizing the federal administration to contract a $1.4 billion foreign loan for the installation of the Amazon Region Surveillance System (Sivam). This will be the final vote on this subject, which first arrived in the Senate in 1994.

The administration today obtained support to hasten the vote following the approval of a petition of urgent treatment by 44 votes to 13, with one abstention. With this, pro-government party leaders seek to get the subject approved before President Fernando Henrique Cardoso travels to France on 26 May.

Cardoso wants to avoid possible pressure by French companies to force him to give up the contract with the U.S. Raytheon company which will supply the equipment for the Sivam.

The French Thompson company disputed the contract but it was rejected. Thompson and Raytheon exchanged charges of having paid bribes to Brazilian Government officials. Even the intelligence services of the United States and France — the CIA and the DSD [expansion unknown], respectively — were charged with interfering in the fight over Sivam.

Pro-government senators attempted to approve the bill last April, before President Cardoso travelled to Washington. They did not achieve their objective because Deputy Arlindo Chinaglia (PT-SP) [Workers Party-Sao Paulo] proved that ESCA [Automation and Control Systems Engineering] company, which was to have managed the system, defrauded the social security system. This forced the annulment of the administration contract with ESCA.

Brazil: Lampreia, Di Tella View Mercosur, Other Issues

PY2205031596 Buenos Aires TELAM in Spanish 2349 GMT 21 May 96

[Report by Daniel Raffo, TELAM's special correspondent in Brasilia]

[FBIS Translated Text] Brasilia, 21 May (TELAM) — Foreign Minister Luiz Felipe Lampreia announced today that the Brazilian Government will in the forthcoming days eliminate the restrictions imposed on imports of textiles from Mercosur [Common Market of the South] member countries to protect its domestic industry.

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The Brazilian foreign minister reported that if disagreements in the technical meetings between Chile and Mercosur persist, the economy and foreign ministers of the five countries will meet before the presidential summit of the 25 June to iron out these differences.

Foreign Minister Guido Di Tella, for his part, voiced the hope that at the meeting of Mercosur member countries' presidents to be held in San Luis [Province] next month, it will be agreed that Chile and Bolivia will join the customs union.

Lampreia and Di Tella made these remarks during a joint news conference they called following the working meeting they held at Itamaraty Palace, seat of the Brazilian Foreign Ministry.

The Brazilian foreign minister pointed out: "I told Foreign Minister Di Tella that the Brazilian Government is intent on coming to an agreement with its Mercosur partners so as to avoid additional restrictions to the textile trade within the common market."

Lampreia underscored that the Brazilian Government "is still discussing" the system governing imports of textiles "from a global point of view." He added that he expected to "make a broader announcement as soon as a decision is made on this subject."

Di Tella underlined: "Brazil is approaching this issue with a satisfactory and positive spirit." "A settlement will soon be reached as far as the textile question is concerned," he reiterated.

Lampreia further stated: "Brazil and Argentina have clear and similar positions on the advisability of gradually eliminating the exceptions and advantages free areas have."

Even if Di Tella said that the subject of the Malvinas Islands was not broached during his meeting with Lampreia, the Argentine minister observed: "Argentina counts on the broad and specific support of Brazil and [the other] Mercosur signatories for Argentina's claim to sovereignty over the [South Atlantic] islands."

Di Tella further stated: "It is not true that the Kelpers are about to put in a claim for independence," as some press reports claim." [no opening quotation marks as received]

The Argentine minister recalled that "Argentina and the United Nations do not acknowledge that an artificially grafted population has the right to self-determination."

Commenting on the forthcoming summit of the heads of state of Argentina, Brazil, Paraguay, and Uruguay, to be held in San Luis [Province], Di Tella said that it will make it possible "to coordinate Mercosur's political projects with other regional and hemispheric integration endeavors for the establishment of a free trade area throughout the entire hemisphere."

The Argentine foreign minister announced Argentina's support for Brazil's policy seeking Venezuela's incorporation into Mercosur. "I would like to take this opportunity to say, now that President Rafael Caldera is making a state visit to Brasilia, that Argentina totally shares Brazil's objectives," he said.

Di Tella, who arrived in Brasilia shortly after noon, was received by his Brazilian counterpart and Argentine Ambassador to Brazil Alieto Guadagni.

The foreign minister flew to Brazil accompanied by Coordination Secretary Andres Cisneros; International Economic Relations Secretary Jose Campbell; and Juan Jose Uranga, under secretary for Latin American affairs.

The Argentine delegation attended a luncheon hosted by Lampreia at Itamaraty prior to the working meeting. In the afternoon, Di Tella traveled to the city of Belo Horizonte, where he will inaugurate a new Argentine consulate in the capital of the State of Minas Gerais on 22 May.

The head of the Argentine Foreign Ministry will also visit an industrial and commercial fair, attend a meeting with Argentine and Brazilian businessmen, and deliver a speech on the Argentine economic and political situation at the Belo Horizonte University.

Cisneros, for his part, remained in Brasilia, where he will give a talk tomorrow on Argentina's foreign policy at the Baron de Rio Branco Institute, within the framework of a university cooperation agreement promoted by the Argentine and Brazilian Foreign Ministries.

Di Tella will return to Argentina on the evening of 22 May after having been decorated by Minas Gerais Governor Eduardo Azeredo.

Brazil: Mercosur Nations Said Excluded From Restrictions

PY1705013496 Montevideo EL OBSERVADOR in Spanish 11 May 96 p 13

[Report by I. Gabriel and O. Sole]

[FBIS Translated Excerpt] Uruguay's decision not to sign any commercial association agreement between Mercosur [Common Market of the South] and other countries, Paraguay's solidarity assuming a similar position, and the protest note sent by Argentina has persuaded Brazil to change its position. Brazil yesterday officially informed that it will exclude all Mercosur partners from the restrictions imposed on clothing imports.

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After many hesitating steps Fernando Henrique Cardoso finally decided to rescind his government's earlier measure, although the decree will probably not come out until early next week, government sources told EL OBSERVADOR.

The announcement confirms what Brazilian Foreign Trade Secretary Mauricio Cortes said on 9 May, confirming that the measure will only apply to China, Panama, Taiwan, South Korea, Thailand, Pakistan, and Hong Kong. [passage omitted]

Brazil: Lampreia on 'Positive' Trade Impact of Patent Law

PY2005020296 Rio de Janeiro O GLOBO in Portuguese 15 May 96 p 7

[Article by Foreign Minister Luiz Felipe Lampreia: "Patents: A Major Step"]

[FBIS Translated Text] President Fernando Henrique Cardoso has just signed into law a bill approved on 10 April by the Chamber of Deputies providing for the protection of intellectual property rights. The law that has now gone into effect marks the culmination of one of the most comprehensive and longest processes of consultation and negotiations between the administration and economic agents and interested social groups, within the executive branch, between the administration and the Congress, and within Congress. It is a tangible example of how democratic institutions function in a country as complex as Brazil, and of how it is possible to pass, by a large majority, a modern legislation that is bound to have a direct impact on investments, as well as on Brazilian international trade relations.

The new law gives a broad, multiple protection to Brazilian interests, primarily regarding issues that had stirred controversy and a natural resistance from those advocating different options. Regarding local manufacturing, mandatory licensing, and parallel imports, the law provides for adequate solutions to promote technological development of the Brazilian industry under international competitive conditions, by demanding local manufacturing, whenever economically feasible; and by admitting imports whenever they are designed to meet the market needs under normal conditions of quantity, quality, and price. The pipeline [preceding word in English] provision included in the law provides for sufficient safeguards to, in the first place, protect the rights of Brazilian companies that may have manufactured and marketed products or that may have invested to manufacture and market those products in Brazil; secondly, to guarantee that there will be no retroactive payment of royalties in these cases; and thirdly, to guarantee that no damage be inflicted on national research. Regarding biotechnology, the law conforms to the terms of the Trips [Trade Related Intellectual Property Rights] accords for patenting microorganisms and biological processes as long as they meet the three patenting requirements (novelty, inventive step, and industrial application). The safeguards are adequate to avoid the patenting of Brazilian discoveries, of higher living organisms, or of the Brazilian biological diversity. Finally, the one-year transition period is adequate for the needs of the Brazilian industrial and technological policy.

There have been neither winners nor losers in the arduous, complex negotiations that took place since the time the bill was originally proposed. The winner has been the democratic decisionmaking process, which could considered to be slow compared to arbitrary processes, but which is the only guarantee that the ultimate results will be both legitimate and lasting. Brazil has also emerged as winner because it has improved its legislation is an essential area for scientific, technological, and industrial development. We may now count on a legislation of international standing precisely at a time when our country is envisaging the possibility of taking a qualitative jump in its development process, as well as in the way it can draw benefits from its relations with its leading developed partners.

In fact, from the standpoint of our foreign policy, the approval of the Patent Law has come to add to a number of new, renewed elements that are giving Brazil a new foreign projection — one that combines political and economic stability, competitive opening to the outside world, structural reforms to consolidate macroeconomic stabilization with growth and controlled inflation; firm commitments to nonproliferation, and access to sensitive or dual technologies; and broad guarantees of full participation in the multilateral trade system.

This in no way means following international developments in a noncritical or biased way. It has to do with a more tangible reality: Brazil has done what needs to be done regarding trade, investments, nonproliferation, and other topics, because in a globalized world — with both its opportunities and risks — it does not suffice to have the characteristics of a big country and with a huge potential, we must also have the credentials that would allow us to take part in this game as a player in our own right. This type of partner knows and respects the rules of the game, using them to his benefit. The practical results of this new projection are already visible. The presidential visit to Japan, for instance, has given clear signals of a change of approach toward Brazil. The reforms we are promoting — which certainly include the one changing our laws on intellectual property — have been instrumental in changing the short-, medium-, and long-term approach of our leading partners, generating

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confidence — and confidence can be translated into direct investments, more jobs, and more economic activity with multiplying effects.

The positive impact of the Patent Law on our relations with some of our leading developed trade partners has been evident. It has removed an area of real or potential conflict that was posing serious risks to us, given the fact that we have limited elbowroom for dealing with external reactions — which may take the form of trade sanctions or a pure lack of interest in investing here — and which may adversely affect our economic activity and may reduce our ability to draw benefits from our international trade dealings.

The negotiations surrounding the Patent Law has also had another strong international component to the extent that its internal processing was also followed with great interest by some of our partners. Yet, Brazilian diplomacy has been emphatic about demanding respect for the singularities and complexities of our democratic decionmaking process. Today, we take pride in stating that our decisionmaking process, by achieving results that are highly significant for strengthening Brazil's international credentials, has shown our enormous ability in dealing with the intellectual property topic with impartiality, objectivity, and independence.

Brazil: Foreign Loans Analyzed

PY2105184996 Sao Paulo GAZETA MERCANTIL in Portuguese 13 May 96 pp A1 B9

[Article by Ivanir Jose Bortot]

[FBIS Translated Text] Brazil will borrow $2.450 billion abroad from multilateral and bilateral institutions in 1996. The matching funds for those loans which the federal budget must disburse are estimated to amount 852 million reals [R] and they are guaranteed in the 1996 General Union Budget [OGU].

A study delivered to Planning Minister Jose Serra indicates that, considering recent Brazilian history, this will become a record figure in foreign loans from the mentioned institutions. The loans contracted between 1981 and 1993 amounted to $2.032 billion and those contracted between 1994 and 1995 amounted to $1.3 billion.

"That kind of external financing has the advantage of long repayment terms and favorable interest rates. A small parcel of resources for environment preservation was even donated to Brazil," Planning Ministry International Affairs Secretary Roberto Jaguaribe told GAZETA MERCANTIL.

Most of these loans envisage an average 10- to 20-year repayment term and 3 to 4 percent annual interest rates. The additional advantage is that Brazil will obtain credit lines for basic sanitation projects, environment recovery, demarcation of indian territory, among other projects of social interest.

"Once those resources are sent to Brazil, they will cause a job- generating impact. Resources for basic sanitation and productive projects, like road construction, will also generate jobs," said Jaguaribe.

The federal government matching funds for this 1996 program and for the already financed projects is included in the OGU. "If the resources are not enough, the Budget Guidelines Law [LDO] allows complements to the budget," said Federal Budget Secretary Waldemar Giomi.

The loans contracted in 1996 will be disbursed according to the timetable of project implementation. Nowadays, an overall $4.4 billion worth of projects approved in former years are currently being carried out.

The Overseas Economic Cooperation Fund (OECF), the Export-Import bank of Japan (Japanese Eximbank), the Kreditanstalt fur Wiederaufbau (KfW), and the Medio Credito Centrale agency of Italy, which are members of the program, are financing projects worth $2.015 billion. The World Bank (IBRD) and the Inter-American Development Bank (IDB) have put in $845.7 million to co-finance these projects.

Roberto Jaguaribe believes that at least $1.3 billion from those international institutions have already been applied in Brazil, not to mention the $144.4 million in donations and the matching funds from the federal administration and states in this program which amounts to 1.4 billion.

"We are also concerned with better implementing the funds. Confidence in the Real has helped a lot to obtain foreign loans and that is why we must improve the implementation of the already approved projects," said Jaguaribe.

The Japanese Eximbank will this year finance five projects worth $1.263 billion: The construction of an aluminum mill in northern Brazil, the widening of the BR-116 highway — which is a project of Transport Minister Odacir Klein — the Center-North multi mode transportation corridor, the metropolitan train of Fortaleza, and a hydrotreatment [hidrotratamento] unit for the Petrobras [Brazilian Petroleum Corporation] refinery in Parana.

Planning Minister Jose Serra obtained from the Eximbank "untied loans" [two preceding words in English] which are loans that do not require the purchase of

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Japanese equipment or services. These loans will be repaid in a period of time ranging between 10 and 30 years at a 3 or 4 percent annual interest rate plus the exchange rate variation.

KfW and the Pilot Program of the G-7 (a program of the seven richest countries in the world) will give Brazil $57.8 million worth of non-reimbursable funds. This means that $11 million will be disbursed for programs for the preservation of the Atlantic Forest in Parana, $26 million for the preservation of national parks and reserves, among other projects.

The OECF will approve $723 million worth of projects of interest for Brazil like the integrated plan against floods in the Itajai-Acu River Bay in Santa Catarina State, the installation of two 30- megawatts each aeolian mills in Ceara, and sanitation programs in Salvador and Todos os Santos Bay. This latter program will receive a complementary loan from the IDB worth $264 million. The costs are of 3 to 4 percent per year and the repayment terms range from 10 to 20 years.

KfW which will disburse $78.3 million, grants a 20-year financing term with a five-year period of grace and 3.5 percent annual interest rate. The projects sent to the Planning Ministry for the KfW are aimed at basic sanitation projects in the States of Bahia, Ceara, Piaui, Pernambuco, and Minas Gerais.

Brazil is negotiating with the official Hungarian financing agency the purchase of medical equipment for military hospitals. The value of the loan is $50 million with an 8 percent annual interest rate and a five- to eight-year repayment term.

The Spanish official financing agency has offered lending $170 million to Brazil. The resources will be used to finance the purchase of 30 electric trains for the Sao Paulo government. The financing costs will be approximately 8 percent per year. The repayment term has yet not been defined.

The Global Environment Facilities organization from the World Bank and the United Nations Development Program, will donate to Brazil $105 million this year to benefit projects to protect mangroves and forests from several states.

Brazil: General Views Creation of Intelligence Agency

PY2205033696 Sao Paulo AGENCIA ESTADO in Portuguese 2153 GMT 21 May 96

[FBIS Translated Text] Brasilia, 21 May (AE) — The draft bill creating the Brazilian Intelligence Agency (Abin) will be sent to Congress in June. According to Civilian Household Chief General Alberto Cardoso, who is responsible for drafting the bill, the Abin will "impartially inform" President Fernando Henrique Cardoso, and not have any kind of police authority. "The agency will make a potential evaluation of any kind of movement that could become a risk to the state," he said. "There are many just causes that generate internal social movements and if they are not attended to, they could generate frustrations. Therefore, we must prevent the manipulation of these causes," Gen. Cardoso said.

Gen. Cardoso discussed the creation of this new agency with the National Defense Committee of the Chamber of Deputies. According to Gen. Cardoso, the bill will allow the Abin to sign agreements with the states so that they can have access to its information.

In a second phase, the government will review all the laws regarding intelligence, such as the Regulations Safeguarding Classified Matters, which are outdated.

The general said that the chief of the new agency will be directly chosen by the president of the Republic, and possibly confirmed by the Senate, as happens with the Central Bank presidents.

Gen. Cardoso also acknowledged that the Abin may be subjected to external controls, such as to the National Defense Policy Chamber, the National Accounting Office (TCU), or even a court order, in cases of telephone tapping. "Everything resembling democracy will be favorably taken into consideration," the general said.

Brazil: CNI Protests Reform, Privatization Delays

96SM0308A Rio de Janeiro JORNAL DO BRASIL in Portuguese 5 May 96

[Interview with CNI President and Senator Fernando Bezerra by Cristiano Romero and Maria Luiza Abbott: "Businessmen Go Into Battle"; place and date not given; first five paragraphs are JORNAL DO BRASIL introduction — received via Internet]

[FBIS Translated Text] Brasilia—Eighteen years after business leaders released a manifesto in favor of the redemocratization of this country, Brazil's industrialists are ready to show their faces again. Next Tuesday, the National Confederation of Industry (CNI) will bring 2,000 businessmen to Brasilia to complain about the delay in the votes on the social security, administrative, and tax reform proposals. The industrialists are brutally frank in their criticism of the administration and the Congress, and are sending a political warning signal to President Fernando Henrique Cardoso, who will attend the closing session of the meeting.

"Social problems are getting worse and the administration is starting to lose the political support that ensures

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execution of the Real Plan," CNI President and Senator Fernando Bezerra (PMDB-RN) [[Brazilian Democratic Movement Party-Rio Grande do Norte] said in an interview with JORNAL DO BRASIL. Concurring with sociologist Herbert de Souza, aka "Betinho," the CNI president thinks the Pro-Employment program Fernando Henrique announced is inadequate. He said government action is needed, and that the Federal Savings Bank has surplus funds that are not being used for housing.

Surprisingly, Fernando Bezerra says that "industry has no complaints about the opening of the economy." He said industry does not want protectionism—just the kind of safeguards that exist in any country worthy of the name. "We cannot save our industry by giving it all those special privileges as was done in the past," he observed. The senator thinks the worst is over, and that Brazilian manufacturers are adapting quickly to international competition.

The president of the CNI complained about the exchange rate, but admits that overvaluation of the real is important to the stabilization of the economy. "I think it is questionable, but necessary," he said. He does, however, want the administration to move more quickly on the tax reform bill that would make it possible to lighten the tax burden on Brazilian exports. "The administration says it wants to combat the Brazil cost, but it is going slowly on that," he complained.

Fernando Bezerra said the Brazilian business community's biggest disappointment with the Fernando Henrique administration is its sluggishness on privatization. "Itamar Franco moved more quickly and privatized more companies," Fernando Bezerra said, sharply. And he protested the administration's delays in regulating the breakup of monopolies—such as the petroleum monopoly—and the concessions to allow private enterprise to operate in the electricity sector.

[JORNAL DO BRASIL] Why are industry leaders marching on Brasilia?

[Bezerra] Because of the industry's need, given the reconstruction of this country, to show its face, and also to build unity in the industrial sector.

[JORNAL DO BRASIL] But does the movement have a specific motivation?

[Bezerra] Yes. We are taking advantage of a critical moment in terms of the performance of the economy and the political progress of economic issues in Congress.

[JORNAL DO BRASIL] Is this pressure on Congress, or criticism of the administration's economic policy?

[Bezerra] It is an expression of views on all points of the industrial sector's interests, aimed at both Congress and the executive branch. The speed with which things such as a reduction in the Brazil cost are handled does not depend only on the Congress.

[JORNAL DO BRASIL] Is the government being slow to act?

[Bezerra] Definitely. The question of the ports, for example, was settled by the Congress quite a while ago, but was not put into operation in the area of the government.

[JORNAL DO BRASIL] So why is this a critical time for the economy?

[Bezerra] Because the foundation on which the economic plan rests is getting weaker as time goes on and structural reforms are not made. Reforms would help balance the public accounts and that would help reduce interest rates. The private sector is being massacred by these interest rates; it has been losing its ability to compete on the world market because the real is overvalued in terms of the dollar.

[JORNAL DO BRASIL] How much overvalued is it?

[Bezerra] Maybe 10 percent, 12 percent, depending on the index factor, but there is definitely overvaluation. For us to be able to live with this, the burden on exports must be lifted. We made very important productivity gains in order to keep competitive. We need a tax reform that would, at least, exempt exports.

[JORNAL DO BRASIL] Will that impair economic growth this year?

[Bezerra] The administration is still projecting a three-four percent growth rate. We are forecasting something between zero and two percent.

[JORNAL DO BRASIL] What does that mean for a country like Brazil?

[Bezerra] It means unemployment or, at least, no new jobs.

[JORNAL DO BRASIL] What criticisms will you take to the president of the Republic?

[Bezerra] Criticisms about implementing regulations for the breakup of monopolies, for example. Some of those steps would accelerate the privatizations. They certainly would encourage foreign investment. As regards petroleum, nothing has happened yet. Then there is cabotage, electricity, etc.

[JORNAL DO BRASIL] Is the Fernando Henrique administration inclined to privatize, or is it all just talk?

[Bezerra] That is a big disappointment. It was expected that privatization would proceed more quickly. It is

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incomprehensible that this has happened. I admit that, if privatization is not very clear, not handled very well with respect to securities, the criticisms will be much louder. But I do not think this is a circumstance that ought to have kept us from moving ahead more on that issue. The Itamar Franco administration moved more quickly, and privatized much more.

[JORNAL DO BRASIL] Do you think interest rates could come down more?

[Bezerra] The administration kept the interest rate high for too long in the effort to curb consumption. The damage caused the private sector was irreparable in some areas. If we could reduce interest rates to a point that would not compromise the Real Plan, I think the government should do so immediately. There is another factor: the plan is working because it has a base of political support. As social problems get worse, the administration begins to lose political support. Maybe we also need some kind of emergency job-creation program.

[JORNAL DO BRASIL] The administration announced the Pro-Employment Plan. Isn't that enough?

[Bezerra] No. That program depends much more on retraining to improve the quality of labor. If the government were willing, it could generate as many jobs as it wants, in construction.

[JORNAL DO BRASIL] But would the government have funds to do what you suggest?

[Bezerra] An emergency need outweighs any money shortage.

[JORNAL DO BRASIL] What about the private sector?

[Bezerra] The incentives have to come from the state. If nothing is being invested in infrastructure and affordable housing, which would also require action by private construction companies, what can those sectors do? Funds are available in the Federal Savings Bank.

[JORNAL DO BRASIL] Members of the administration say there is an alliance between the elite of the factory worker class and FIESP [Sao Paulo State Federation of Industries] to pressure the government to reduce interest rates and devalue the real.

[Bezerra] Do you really believe that? Responsible people would not announce an increase in unemployment just to criticize the administration. The plan belongs to no one person—it belongs to society.

[JORNAL DO BRASIL] How long can industry endure high interest rates and the overvaluation of the real?

[Bezerra] We have an average productivity gain of about seven percent a year, but that will fall to 1.7 percent this year.

[JORNAL DO BRASIL] Why?

[Bezerra] Because big gains only occur when there is openness, then they go back to world levels.

[JORNAL DO BRASIL] Does the government lack a commitment to address the tax reform?

[Bezerra] I have serious doubts that there is a commitment there. It is not just me—the Brazilian business community is somewhat suspicious, now, that the government is not handling the tax reform the way it should.

Brazil: National Human Rights Program Outlined

96SM0305A Rio de Janeiro JORNAL DO BRASIL in Portuguese 13 May 96

[Article by Jailton de Carvalho: "Human Rights Plan To Be Announced Today" — received via Internet]

[FBIS Translated Text] Brasilia—The National Human Rights Program (PNDH) that President Fernando Henrique Cardoso will unveil today at Planalto Palace will open the way for establishment of compensatory quotas for blacks in universities and in the job market. The government wants to back up the decisions by the Working Group To Eliminate Discrimination in Employment and Occupations—comprised of representatives of the administration and the general public—which is studying such measures as the possibility of adopting a quota system (reservation of a certain number of vacancies) for blacks in the country's companies and schools.

According to Ministry of Justice Chief of Staff Jose Gregori, the purpose of quotas would be to "diminish the distance between whites and blacks." The subject is mentioned indirectly in the 135-page text of the program. The government promises to "support" the working group, ensure "access" by blacks to universities and to high-tech fields, and "encourage" the presence, in institutional advertising, of the diverse ethnic groups found in Brazil's population.

The Human Rights Plan contains about 200 actions, and calls for sending Congress a proposal for a constitutional amendment that would transfer to the federal court system the authority to prosecute all crimes that involve a violation of human rights. Crimes such as the slaughter of children at Candelaria or the massacre of landless people in Para would then be investigated by the Federal Police and tried in federal courts.

Also in an effort to combat impunity, the government will ask Congress to treat as urgent and bring to a vote

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the plan to transfer prosecution of crimes committed by military personnel from the military courts to the ordinary court system. The bill was defeated in the Senate last week with the help of the administration's own leaders, and now goes back to the Chamber. The government, which closed its eyes to the action of its leaders in the Senate for reasons of political convenience, hopes to build up pressure to ensure approval of the original text in the Chamber.

In this regard, Minister of Justice Nelson Jobim promises to closely monitor the voting in the Chamber—something he did not do during the Senate debates. The minister also wants leftist legislators and the NGO's [nongovernmental organizations] that favor the proposal authored by Helio Bicudo (PT-SP) [Workers Party-Sao Paulo] to publicly express their support for the bill during the voting. President Fernando Henrique will also ask that voting on both the bill that defines torture as a crime and the new National Traffic Code be treated as urgent. Although prohibiting it, the Constitution does not explain in detail just what torture means.

The administration decided to include the National Traffic Code among its priorities because of the huge number of traffic deaths. Brazil is one of the countries with the highest number of traffic accidents. The Human Rights Plan also calls for a series of measures to protect the basic rights of Indians, women, children, prison inmates, and political refugees. These are proposals for the immediate and long-term future, most of which would have to get through Congress before they could be put into practice.

In order to publicize the concepts of human rights and individual guarantees, the government included in the plan the creation of compulsory civic service, to be performed by young people who have been excused from military service. According to official statistics, only 20 percent of young people who enlist at age 18 are actually called into military service. Now the government wants to use the rest of this contingent, that 80 percent, to do community-oriented work.

President Fernando Henrique Cardoso disclosed his decision to develop a National Human Rights Program on 7 September 1995 [Brazil's Independence Day]. "The struggle for freedom and democracy has a specific name: it is called 'human rights,'" he said at the time, in a speech at Alvorada Palace.

[Following is a list of some of the measures in the new plan, by subject:]

Measures Against Impunity

- Transfer to the federal court system the authority to prosecute crimes that involve a violation of human rights. At present, these are tried in the state courts.
- Maintain support for the bill, still under consideration in Congress, that would transfer from the military courts to the ordinary court system the prosecution of crimes committed by military personnel while on duty or while representing the Armed Forces.
- Make it mandatory for a judge and a representative of the Public Prosecutor to be present in rural areas where orders to maintain or restore possession of land are being carried out.
- Set up a nationwide hotline for denunciation of crimes against human rights.

Racism

- Support the Working Group To Eliminate Discrimination in Employment and Occupations (GTEDEO). One of its proposals is establishment of "compensatory quotas" that would reserve job openings for blacks.
- Facilitate access by blacks to vocational courses, universities, and high-tech fields.
- Encourage the presence, in institutional advertising, of the ethnic groups found in Brazil's population.
- Include "color" as a question in public databases on demographics.

Indians

- Support revision of the Indian Statute.
- Mark the boundaries of lands traditionally occupied by Indian groups and give them proper legal status.
- Reorganize and guarantee funding so that Funai [National Indian Foundation] can do its work properly.

Personal Safety

- Include specific material on human rights in police academy training courses.
- Chart rural violence to identify the areas where there is conflict.
- Tighten requirements for sale, possession, use, and carrying of weapons.
- Restrict the action of private security services.

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Prisons

- Gradually shut down the Carandiru prison in the North Zone of Sao Paulo.
- Computerize prison records so as to expedite proceedings and trials and prevent abuses in the serving of sentences.
- Offer tax incentives to companies that employ former inmates.

Miscellaneous

- Launch a national campaign to make it easier for the public to obtain personal documents such as identity cards, employment record cards, voter registration cards, and military records.
- Combat forced labor.
- Send Congress a bill that would define the crime of sexual exploitation of children to punish both exploiter and the user.
- Encourage adoption of abandoned children and adolescents.
- Propose creation of a political refugee statute.

Brazil: Obstacles Facing Human Rights Plan Seen

96SM0305B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 May 96

[Editorial: "Plan With More Than 150 Goals" — received via Internet]

[FBIS Translated Text] The president of the Republic said yesterday that Brazil is a democratic country; he added that human rights is the new name of freedom and democracy, and ended his speech by saying that the day will come when the realization that without human rights there is no democracy will be incorporated into the daily lives of each of us. These statements were made as he unveiled the National Human Rights Plan, which is intended to ensure, via the law, the existence of human rights that, needing legal backing to become firmly established, are not introjected in each of us and do not permit this country to be called democratic.

The error in President Fernando Henrique Cardoso's vision, an error he has repeatedly made, is to conclude that the fact that the Brazilian political system is democratic means that Brazilian society is democratic. That bias, perceptible in His Excellency's assessment of reality, does not prevent us from seeing in the more than 150 short-, medium-, and long-term measures that make up the National Human Rights Plan a sincere effort to dispel the accusation that the federal government has done nothing about acts that, under current legislation, can only be punished by the state courts and state police forces. The recognition of this effort—which was even sanctioned by the foreign minister and head of the civilian household's delivery to Pope John Paul II of the first copy of the plan—does not mean we should fail to note that perhaps the chief of state should take a more realistic view, one that recognizes that victory in the name of human rights will be achieved only when society as a whole—not just the chief executive—becomes aware of the moral need for it. Fernando Henrique hopes to be able to count on the help of this or that branch of government, or a few federal agencies, so that Brazil will no longer be denounced in international forums, or by the NGO's [nongovernmental organizations], that flourish here as they do out there.

Although the chief of state is correct, the action by the chief executive is open to constructive criticism. According to press reports, no leader was present at the ceremony held to launch the plan, whose feasibility and short-run credibility depend on active and close collaboration by Congress. That absence—whether owing to a protocol error by the Ministry of Justice, disregard on the part of administration leaders for what was going on at Planalto Palace—whatever—caused deputies from the opposition who had been invited to the ceremony to say that the president was using the right language, but unable to make his leaders in the Congress act in accordance with the principles he was expounding. They referred specifically to the vote in the Senate that passed a substitute for Deputy Helio Bicudo's proposal that would have transferred the power to prosecute crimes committed by military police against civilians to the jurisdiction of the ordinary courts. The executive will always be criticized for the fact that it was the administration's leaders in the Senate who worked to see that the text voted on by the Chamber would be shelved and a different one approved in its place. What the opposition wants, in this regard—citing what the plan says—is for the executive to ensure that the Chamber rejects the Senate bill and to work to have the Chamber version prevail even though, in the opinion of some leftist senators, it contains flaws and aspects that are patently unconstitutional.

The backing of those absent leaders will be similarly necessary if there is to be an urgent vote an a constitutional amendment to be sent to the Chamber to make crimes against human rights prosecutable in the federal courts. This constitutional transfer of authority, inspired by the finding that federal judges are less vulnerable to pressure from the oligarchies, would mean (it seems that no one thought about this detail) an overload at the trial and initial appeal levels so great (given the widely acknowledged precarious state of the court structure) that

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there may be no practical effect of this measure that, couched in those terms of "state equals subject to pressure from the oligarchy; federal equals its enemy" will risk being seen as divinely inspired: the tablet of laws has come down from on high, so everything will be resolved.

The plan is a set of goals—and has been presented in such a way that it could not be interpreted otherwise. It is a mixture of the most disparate items: everything from these kinds of constitutional amendments, to legal changes such as requiring judges to be present when someone is formally vested with property ownership or at an expropriation, and going so far as to promise to seek urgent passage of the new National Traffic Code—not to mention classes on human rights at police academies. It is a series of commitments that, if they are to be met, depend on the effectiveness of the bureaucracy (threatened with loss of overtime pay and thoroughly disillusioned with the administration); the physical capabilities of the court system (never mind the vacancies still open after repeated competitive examinations); a change in the mentality of the federal, state, and military police and, most important, a cooling of tempers in Congress. Hoping to take advantage of 13 May (which, incidentally, passed unnoticed), the president of the Republic assumed serious commitments in the name of the executive, besides those that will be demanded of the judiciary and legislative....

Brazil: Major Trade Unions Call Strike for 21 June

PY2105235796 Rio de Janeiro JORNAL DO BRASIL in Portuguese 21 May 96 p 7

[FBIS Translated Text] The CUT [Sole Workers Center], the CGT [General Workers Confederation], and the Union Power [FS] — the three major Brazilian trade union organizations — yesterday decided in Sao Paulo to call a 24-hour general strike on 21 June as a protest over the administration's economic policy and unemployment. The strike date must now be confirmed through assemblies of the various unions. FS leader Antonio Medeiros, who formerly supported President Fernando Henrique Cardoso, said; "The administration is isolating itself from the people by insisting on a recessive policy." He also criticized the "process of leaving the Brazilian economy wide open" to foreign competition.

Brazil: Businessmen To Demonstrate in Support of Reforms

PY2105234196 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 21 May 96

[Report by Poliane Castelo Branco in Brasilia]

[FBIS Translated Text] Three thousand businessmen from throughout the country will participate in a demonstration in Brasilia tomorrow in support of the constitutional reforms. Business leaders will deliver to President Fernando Henrique Cardoso and to the presidents of the Chamber of Deputies and the Senate a document entitled: An Industrial, Competitive Brazil for Growth.

Besides the reforms, the businessmen demand lower interest rates and incentives to increase exports. These measures are aimed at making national products competitive abroad. Minas Gerais Industrial Confederation President Estefan Salej said that the businessmen do not intend to pressure but to hold dialogue with the administration and the congressmen.

[Begin Salej recording] This movement is not intended to exert pressure, but rather to represent a contribution of industrialized society to the politicians, the administration, civilian society, and all sectors so that Brazil may grow. Although we need stabilization, we need an annual economic growth rate of at least 4 percent. [end recording]

Salej also defends the adoption of mini reforms such as the debureaucratization of the income tax and new rules for the ICMS [Goods and Services Movement Tax].

Brazil: Treasury Assisting State Governments, Banks

PY2105220596 Rio de Janeiro JORNAL DO BRASIL in Portuguese 17 May 96 p 8

[Editorial: "Financing Everything"]

[FBIS Translated Text] The assistance given by the Treasury to state governments in difficulties — including the debts of state- owned banks, which total 22 billion reals [R] — may seem an aberration in view of the scarcity of resources allocated to the social area and to public employees' salaries. Intervention by the federal administration in renegotiating the debts of states over 25 years will facilitate the coordinated adjustment of public finances until the tax reform is implemented.

The Treasury will not open its coffers suddenly to disburse the R22 billion. Beside allowing state governments to withhold quotas of the Goods and Services Movement Tax and the federal revenue that the Treasury transfers monthly to state administration participation funds, the federal administration will also accept

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enterprises or agree to be reimbursed through the sale of companies owned by the state administration, including their banks.

This is the price we must pay for an ordained reorganization of public finances, which is indispensable for the consolidation of the currency. The problem has been postponed since 1982, when the foreign-debt crisis eliminated the credit that had filled the holes in federal, state, and county finances.

The federal administration was the first to resolve the issue about the foreign debt accord with the banks in 1992, when the possibility of paying off the debt over 30 years was disclosed. As the rescheduling of the federal administration debt absorbed public credits, the internal accord would have closed the circle.

The important point in this huge accord is that promises must be really fulfilled. The goals seem realistic. The source of concern is the traditional Brazilian policy of not honoring its commitments. Sao Paulo is an example of that: It is the most inhabited state and has the greatest economic power yet, despite all that, it surpasses all limits of foreign and domestic indebtedness. Strangely enough, no previous Sao Paulo administration ever showed any willingness to honor its debts, which total R17 billion and represent 80 percent of the country's overall debt.

The debt was contracted during the administration of Paulo Maluf (1979-1982), who left it as an inheritance to Franco Montoro. Maluf will now leave Sao Paulo's mayoralty with a debt of R4.4 billion. In the first direct elections for the state administration, the governors — most of them from the Democratic Social Party — used state resources, with Brasilia's blessing, to defeat the opposition.

The situation became worse during the Quercia administration, when the state administration swindle over the Sao Paulo State Bank [Banespa] took on scandalous proportions and included even the debt of the local electricity enterprises with the Brazilian Electric Power Company, Inc. The problem reached a climax during the Fleury administration and led to the Central Bank's intervention on Banespa (and the Rio de Janeiro State Bank). Nevertheless, the problem is now starting to be resolved through the privatization of several state-owned enterprises and banks; this being the only solution for the bankrupt state finances. It is a pity Sao Paulo did not have the courage of the Rio de Janeiro administration, which assumed responsibility for its mistakes and decided to privatize Banespa.

Brazil: Experts Say 200,000 Rural Jobs Lost

PY2105123396 Sao Paulo GAZETA MERCANTIL in Portuguese 7 May 96 p B16

[Report by Alex Branco]

[FBIS Translated Text] The number of rural jobs lost during the last harvest season surpasses the total number of workers that the government has promised to settle by the end of its term. Figures depend on the source. Jose Graziano da Silva, professor of agricultural economy at Unicamp (Campinas State University) Economy Institute, is concluding a study for the State Data Analysis System (Seade). According to the study, approximately 200,000 workers lost their jobs after the last harvest season.

The Brazilian Rural Association (SRB) — which has just concluded a study on the subject — estimates that approximately 400,000 direct and indirect jobs were eliminated. According to the study, in addition to the market contraction, from 750 million reals [R] to R1.4 billion will not be invested in the economy — based on the prices paid to producers. Those figures account for 2.1 to 4.5 percent of the agricultural GDP.

"We are living an anti-land reform process," says Professor Graziani da Silva. "The cities can no longer receive the flow of rural workers. Saturated by disorderly growth and by unemployment, urban centers repel rural people back to the field, aggravating the problem," Graziano says.

He added that society is paying a high price for the lack of a settlement policy. "The cost of settling landless people is much lower than the cost of maintaining prisons, police organs, judicial structures, and so forth. The apparent short-term gains, reflected by lower prices on the domestic market, will be paid by society in the future, especially by taxpayers, with interest and monetary correction." In fact, according to figures calculated by the Ministry of Industry and Commerce, $1 billion worth of exports permits creation of 100,000 jobs.

SRB President Luiz Hafers said: "Only government experts have not yet realized that the rural crisis is primarily social in nature. Instead of overcoming the problem, the administration is compounding it, by supporting unfair imports, such as that of cotton, which are eliminating rural jobs."

Pedro de Camargo Neto, technical coordinator of the Agricultural Broad Front [Frente Ampla da Agricultura], stated that the drop in employment and the deteriorating standard of living in rural areas may be directly traced back to specific topics of the administration's economic

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policy "which are strangling production." Among these topics, Camargo Neto cited the high interest rates, a heavy tax burden, an erratic foreign trade policy, and an inadequate infrastructure.

Camargo Neto said: "The administration will be able to create 1.2 million rural jobs by implementing three measures: by restricting imports from Mercosur [Common Market of the South] countries, by guaranteeing production for domestic needs, and by keeping soybean exports at the current levels."

Camargo Neto believes that, through these three measures, the crop area for corn will increase by 5 percent; for rice, by 15 percent; for soybean, by 20 percent; for cotton, by 60 percent; and for wheat, by 150 percent. He added: "This growth would represent an increase in crop area of approximately 6 million hectares, with a potential production of 11.5 million tonnes of grains that would generate R2.5 million in additional revenues."

Camargo Neto makes it clear that these figures refer only to the production of grains, which account for only one-third of the agricultural GDP. He added: "A similar approach could be taken regarding animal proteins and crops such as coffee, cocoa, cassava, tobacco, sugar, vegetables, and fruits."

Paradoxically, a drop in agricultural production will ultimately create approximately 500,000 jobs in the 1996-97 harvest. This estimate was made by Roberto Rodrigues, president of the International Cooperative Alliance. Rodrigues said: "To guarantee domestic supply and to meet already assumed export commitments, Brazil will have to increase its production by nearly 20 percent, which represents the exploitation of an additional production area of 3 million hectares and the creation of half a million rural jobs."

Brazil: Administration To Cut Budget Expenses

PY2105184696 Sao Paulo GAZETA MERCANTIL in Portuguese 13 May 96 p A5

[Article by Leandra Peres]

[FBIS Translated Text] In order to balance the federal fiscal accounts so as not to allow the administration to spend more than what it collects, the Planning Ministry will limit Federal Budget Expenses, by something between 2 and 3 billion reals (R) beside what will be saved through the vetoes which represent R115 million. "We believe that those measures will be enough to balance the budget this year, contributing to reduce the federal deficit," said Federal Budget Secretary Waldemar Giomi.

Budget bill rapporteur Deputy Ibere Ferreira (PFL-RN) [Liberal Front Party-Rio Grande do Norte] believes, the restriction is not necessary. "The administration speaks about an increase of income throughout the year, therefore it could comply with the budget without the need to make cuts," he said.

The evaluation of Deputy Paulo Bernardo (PT-PR) [Workers Party-Parana] is not so optimistic. "Although the government has a problem, it could still manage to keep the budget balanced. The cost, however, will be the increase of the public debt and the transference of expenses from one year to another," said Paulo Bernardo.

The cuts will be defined by the Planning Ministry before the end of the month, when it must also publish the Chart of Expenses Details (QDD). The Planning Ministry will therefore restrict expenses through the QDD.

Despite this measure, the government still has two problems: "The expenses that were going to be covered with the collection of the Provisional Contribution on Financial Operations (CPMF), and the R1.7 billion hole caused by the rejection of Congress of a social security contribution to be charged to retired workers. The solution, according to Federal Budget Secretary Waldemar Giomi, will be to reallocate funds and to use the budget cut reserves which will be reduced from R3 to R1.3 billion.

Planning Minister Serra made small vetoes to the congressional amendments this year: R40 million corresponding to 85 amendments. Despite its promises, the planning ministry could not prevent to some amendments presented by the party blocs. "The vetoed amendments presented by the party blocs mostly pertained municipal or state actions which the federal government cannot finance," Giomi said.

The remaining R75 million that were vetoed correspond to expenses whose income came from a possible increase of income which is not allowed by the Budget Guidelines Law. The administration was forced to issue a Provisional Measure to guarantee the original federal budget allocation for the agrarian reform. Congress increased the issuance of Agrarian Debt Bonds (TDA) for the expropriation of land from R$400 million to R800 million. In the original proposal, the government had allocated R400 million in cash and R400 million more in TDA. The Provisional Measure maintained the original proposal, since the changes made by the congressmen were unconstitutional.

Proex [Export Financing Program] loses R82 million

The Export Financing Program lost R82.4 million on account of the cuts made by Congress to the budget

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this year. In the executive branch proposal, the Proex would have had R597 million to mainly finance the compensate the interest costs in export operations by Brazilian companies.

The administration, which reformulated the whole program and facilitated access to the program to exporters does not intend, however, to modify what came from Congress. According to Federal Budget Secretary Waldemar Giomi, the government will monitor the program until June to see the effects of the budget cuts. "If the Export Financing Program registers losses, we will reallocate resources from other sources to recompose the Proex budget," the secretary said.

Brazil: Government Seeks To Cut Salary Expenses 5 Percent

PY1905205196 Sao Paulo FOLHA DE SAO PAULO in Portuguese 15 May 96 section 1 p 8

[Report by Vivaldo de Sousa in Brasilia]

[FBIS Translated Text] President Fernando Henrique Cardoso has ordered a 5-percent cut in personnel expenses from the 1996 budget. These expenses had been initially set at 41.7 billion reals [R].

This means that it will be necessary to cut personnel expenses by R2 billion this year. Thus, the administration is studying a number of measures that would be adopted in the next few months.

FOLHA has found out that the Federal Administration and State Reform Ministry (Mare) and the economic team are primarily studying two proposals.

The administration is planning to reduce the work schedule from eight to four hours per day, with salaries being reduced accordingly; and it is seeking to adopt a voluntary resignation program for public servants.

Although the voluntary resignation program has not yet been finalized, the administration expects that 40,000 servants will join the program (approximately 7 percent of the total of 565,000 federal public servants). If the above percentage of servants joined the program, the administration would save R624 million annually.

The largest savings would come, however, from a four-hour work schedule that has been proposed at some ministries. Today, there are six-hour and eight-hour work schedules. The four-hour daily work schedule would be optional and would entail a pay cut for those who might agree to join it. Through this reduced work schedule, the administration expects to save R1 billion annually.

Overtime

The administration is also considering other measures. The elimination of overtime would bring savings of R40 million monthly.

The administration is also studying the possibility of not hiring substitutes for servants on annual leave or on an overseas assignment. There are no estimates, however, as to how much could be saved through this measure.

Mare Executive Secretary Claudia Costin said that "a decision is yet to be made regarding the voluntary resignation program."

Costin said the respective studies have not yet been completed. FOLHA has learned that the program should be announced in two months.

The voluntary resignation program was inspired by one that has been implemented by the Rio Grande do Sul administration with the support of the federal administration. Public servants will be able to submit their resignation in exchange for benefits that yet to be specified. The program should be financed with foreign resources.

Brazil: Privatized Power Firm Proceeds Total R2.2 Billion

PY2105184596 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 21 May 96

[FBIS Translated Excerpt] [Passage omitted] The new auction hall of the Rio de Janeiro Stock Exchange was dedicated today with an auction designed to privatize Light Power Services, Inc. [Light]. A total of 26 Brazilian and 14 foreign investors qualified to take part in the Light privatization process. They were all willing to pay the minimum price of 2.4 billion reals [R] for 60 percent of Light shares. The federal administration will retain the remaining 40 percent of the shares.

The auction started at 1007, and only 11 minutes later, Planning Minister Jose Serra, Light President MacDougal Leite de Castro, and Elena Landau, director for privatization of BNDES [National Bank for Economic and Social Development], lowered the gavel.

Light's shares went for R200 million less than the minimum price. A consortium consisting of French company EDF and U.S. companies Houston Texas and AES Coral Reef purchased 34 percent of the Light shares offered. Yet, to take control of the company, the foreign consortium will have to negotiate with the other purchasers, who are Brazilian groups and shareholders.

[Begin Serra recording] Light is now going to be managed by people who know how to operate a

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power company. Secondly, the privatization has been instrumental in bringing $1 billion into the country; and thirdly, this has been the largest privatization auction held thus far in Brazil. In terms of the amount of money involved, the proceeds of the Light auction are equivalent to 40 percent of all that had been privatized under both the Collor and Franco administrations. [end recording]

Light was only sold because the administration gave it a major push by purchasing 15 percent of the shares on sale through BNDESpar, a subsidiary of BNDES, which is totally owned by the government.

Serra and BNDES President Luiz Carlos Mendonca de Barros spent all last night following the negotiations. As the prospective buyers were not reaching an agreement, they worked out the above solution, which does not involve any disbursement of money. To buy the shares, the BNDES used a credit it had with Eletrobras [Brazilian Electric Power Company, Inc.]. The administration concluded that it was better to sell Light in this way than going through the embarrassment of not selling it at all.

The next challenge in the privatization process is certainly that of the Rio Doce Valley Company [CVRD]. CVRD stocks have not been negotiated today in stock exchanges because some points of the formula to be used to privatize it will be announced today in the Congress.

In addition to the points that have been announced earlier, we would like to announce a new proposal here: 10 percent of the CVRD privatization proceeds will be earmarked for investments in Brazil, for instance, in building the Tocantins-Araguaia waterway project. I believe the CVRD privatization will take place only in 1997.

Brazil: Court Expropriates Marijuana Farms to Incra

PY2105153496 Rio de Janeiro JORNAL DO BRASIL in Portuguese 17 May 96 p 5

[Article by Jose de Arimatea]

[FBIS Translated Excerpt] Recife — In an unprecedented decision, the Federal Regional Court (fifth region) ordered on 16 May the expropriation of two farms the owners had been using to plant marijuana. The two properties, which had 249 hectares of land in total, is located at the Belem do Sao Francisco County, in the interior of Pernambuco State. The area will be handed to the National Land Reform and Settlement Institute [Incra] and will be used to settle landless people.

This type of expropriation does not entitle the owners to any compensation and is being used for the first time in the country since the enforcement of the current Constitution in 1988. In Pernambuco alone, which is considered the state that produces more marijuana nationwide, 304 other farms can be expropriated for the same reason. [passage omitted]

Chile

Chile: Envoy Says U.S. May Lose 'Credibility' on NAFTA

PY2105171696 Santiago EL MERCURIO in Spanish 20 May 96 pp A1, A10

[FBIS Translated Excerpt] Chilean Ambassador in Washington John Biehl said on 19 May that the United States would lose international credibility if Chile's entry into NAFTA did not materialize.

This is how Biehl disregarded the theory that the United States may discard expanding NAFTA as the basis for creating the Free Trade Zone of the Americas and support the link between NAFTA and Mercosur (Common Market of the South), because Mercosur is becoming important in the region.

Biehl said: "If there is no quick party understanding after the U.S. elections, I would say within the first six months of the new U.S. Administration, to 'repair' the damage caused to Chile, the United States will have no credibility. Therefore, the Miami Summit would make no sense if the United States did not have the capability of extending NAFTA to the hemisphere."

Under that perspective, Biehl believes it is quite improbable that the United States would not fulfill its commitment made in December 1994 in Miami when along with Canada and Mexico, it invited Chile to become the fourth NAFTA member.

Biehl also said that endorsing the link of the two large trade blocs in the continent would almost mean supporting the Brazilian theory. This is because Brazil, he explained, has been reticent about the project for expanding NAFTA, and has proposed the creation of a South American free trade zone as a bloc for dealing with NAFTA on an equal basis, which is an effort to strengthen its leadership in our region. [passage omitted]

Chile: President Addresses Congress on Administration

PY2205011996 Madrid EFE in Spanish 2222 GMT 21 May 96

[FBIS Translated Text] Santiago, 21 May (EFE) — Chilean President Eduardo Frei today criticized opposition sectors that prevented the approval of constitutional

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reforms in the Senate, and accused them of reactivating the "fantasy of protected democracy" or of the "institutional backwardness."

Frei made these remarks during his third message to the nation before a congressional plenum in Valparaiso, with which he also began the regular legislative period.

Frei's attack on politicians of the rightist opposition was especially focused on the senators who, on 11 April 1996, rejected a presidential initiative to amend the Constitution, which was debated for eight months.

The amendments included the elimination of senators designated by the previous military government, as well as changes in the organization of the National Security Council and of the Constitutional Court, and restored to the president of the Republic the power to designate the top military commanders.

In his address to the nation, Frei lamented the fact that his constitutional reform initiative, intended to eradicate the authoritarian enclaves and to upgrade the Chilean democratic system, has not prospered because of "a serious political and conceptual error" on the part of a "minority" group of senators.

He added that the idea of a "stone-age" constitution has prevailed, and called upon the legislators to preserve their desire to amend and democratize the constitutional order, although he did not announce any new proposal, dates, or deadlines.

In beginning his message, the president acknowledged that in 1995 the country experienced "a period of tension and uncertainty" because of the ruling that condemned two high-ranking military officers for the murder of former Foreign Minister Orlando Letelier.

"Those who made hasty judgments on the development of our institutional process had to admit that democracy, justice, and respect for the law finally prevailed," the president said, referring to the end of the conflict which sent those responsible to prison.

Frei, the second president elected democratically after the military regime of Augusto Pinochet (1973-90), made an assessment of the first two years of his six-year administration, and analyzed projects and goals for the future, stressing the social plans and educational reform.

In the international field, the Chilean president stressed relations with Argentina and expressed hope that the congresses of the two countries will ratify the agreement on the border of the continental glaciers, the last pending border conflict between the two nations. That agreement was signed by the two countries in August 1991 but its ratification has suffered some delays in the two countries.

President Frei also said that relations with Bolivia have been strengthened over the past two years and that the groundwork has been set for "a new agenda for integration," adding that peak trade with Peru and Chilean investments in that country have opened "broad prospects" for bilateral relations.

The Chilean president also said that his government is promoting a process of international economic negotiations "of an unprecedented intensity" in the country's history, with special emphasis on Latin America.

In this framework, he said that Chile is making tremendous efforts to establish a Mercosur [Common Market of the South] free trade association.

He warned, however, that "negotiations are not easy," and that agreement with that association will be concluded only when he is "fully convinced" that the final balance is favorable to Chilean interests.

In the economic area, Frei spoke about what he called "the new Chilean reality" marked by an average economic growth of 7 percent over the past six years, with exports amounting to $16 billion and a national savings rate that reached 28 percent of the GDP last year.

He also announced broad programs in the areas of health and education, as well as support plans for agriculture and for private fishermen.

The most important announcements of the message refer to the educational sector, which he termed a priority for his government and a key factor "for equal opportunities, to defeat poverty, and to develop productivity and economic competitiveness."

Frei also announced the extension of the school day from half a day to a full day, which will benefit some 2.3 million children by providing them with a better quality education.

He also announced plans to improve teacher training and for improvement of classes and infrastructure, which will require investments amounting to $1.4 billion, for which he sought the cooperation of the private sector.

Chile: President Approves 'Political-Strategic Assessment'

PY1805014096 Santiago EL MERCURIO in Spanish 16 May 96 p C1

[FBIS Translated Excerpt] During a working meeting of the National Superior Security Council (Consusena) at La Moneda Palace yesterday, President Eduardo Frei approved "the political-strategic assessment" of the country by the National Defense General Staff together with the Armed Forces Commanders Board.

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The document — main contents of which are secret — was read by General Raul Tapia, chief of staff of the National Defense General Staff, to the Consusena members. Consusena comprises the chief of state; Interior Minister Carlos Figueroa; Defense Minister Edmundo Perez Yoma; Foreign Minister Jose Miguel Insulza; Finance Minister Eduardo Aninat; Economy Minister Alvaro Garcia; General Augusto Pinochet, the Army commander; Admiral Jorge Martinez Busch, the Navy commander; and General Fernando Rojas Vender, the FACh [Air Force] commander.

The meeting was also attended by Ambassador Javier Illanes, national director of Borders and Frontiers of the Foreign Ministry. It began at 1110 in the Cabinet Council Hall and ended at 1330. After the meeting those participating attended a luncheon also at Government House which lasted another two hours.

With the disclosure of the contents of the document and its approval by the president of the Republic, a new assessment process by the Defense Ministry with the high commands of the Armed Forces during the past year has been completed. The purpose of this assessment is a broad geographical, political, and strategic view of the current situation in Chile in all areas in which the government has decision-making power.

Tapia said that the political-strategic assessment is a basic document related to national defense that pinpoints weaknesses and vulnerable aspects of the Armed Forces according to national, regional, and international factors; determines their abilities, and suggests improvements. [passage omitted]

Although Tapia admitted that the subject of the Southern Glaciers and the Lima Conventions were not raised, Javier Illanes's presence was surprising because he is not mentioned as an official Consusena member under Article No.1 of Decree Law No. 181. [passage omitted]

Chile: Business Supports Position on Mercosur Demand

PY1705230296 Santiago EL MERCURIO in Spanish 16 May 96 p A1

[FBIS Translated Excerpt] Chilean private organizations expressed yesterday their total support for the government decision regarding its negotiations with the Common Market of the South (Mercosur), that it will not sign an agreement unless it fully meets the interests of the country.

Economy Minister Alvaro Garcia and International Economic Relations Director Carlos Mladinic, who is in charge of the negotiations with Mercosur, endorsed yesterday the government decision to continue with the negotiations, and not to establish timetables or dates for signing the agreement.

Mladinic said the eventual postponement for signing the trade agreement is not true. He added: "I am not saying there is a deadline and that the signing of the agreement is being postponed. The agreements are signed when something beneficial for the two parties are reached. We will sign them only after we come to an agreement. We hope that will happen as soon as possible. We had a difficult job during the negotiations with Mercosur, the negotiations were complex, and without any doubt the most complex so far... But I believe we can come out ahead if all the parties show a will to make progress to have a free and transparent trade among the parties." Foreign Minister Insulza, who was not as doubtful as yesterday, said he hopes the negotiations with Mercosur will be signed as originally scheduled for 25 June.

Insulza, who also had doubts the negotiations would be held in Buenos Aires next week, did confirm the meeting of the team of experts hoping the problems that recently emerged would be resolved.

Insulza is worried because he believes there was an "excessive alarm" when this problem emerged.

He was emphatic, however, in pointing out that Chile believes it is necessary to conclude the pending issues and not open new ones or make proposals that require a long study that cannot be resolved in a couple of days.

This is how Insulza referred to the memorandum delivered to Chile by Mercosur, which proposes additional requirements of origin on more or less 50 percent of the overall tariff.

Insulza said: "I don't disqualify that proposal at all. I simply say that we don't have time to resolve questions of this magnitude overnight."

Insulza believes that if this issue is included in the negotiations, it will be very difficult to close the talks before 25 June, which is the date the presidents of Argentina, Brazil, Paraguay, and Uruguay, in addition to the expected presence of Chilean President Eduardo Frei, will meet to sign the economic complementation agreement.

Regarding the problem related to the requirement of origin and the list presented by Mercosur, Insulza explained that it is a long list that specifies the application of general regulations for a group of products. He said that at first sight, many of them are very reasonable, therefore Chile does not question the basis of the Mercosur proposal.

Insulza said: "What I am questioning is the little time available for discussing it. The lists were probably not

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discussed before because they were not ready. You know that Mercosur is an organization that is being assembled. It has a great deal of work and it had no time to make the specifications. Perhaps, had they made that proposal three months ago, we could have included it in the talks. I am not denying the possibility of including some of them if they are considered essential but I don't think it will be possible to study the entire proposals in just a few days." [passage omitted]

Chile: Date To Sign Agreement With Mercosur Confirmed

PY2105032196 Madrid EFE in Spanish 2034 GMT 20 May 96

[FBIS Translated Text] Santiago, 20 May (EFE) — The Chilean Government today confirmed that the free trade agreement with Mercosur [Common Market of the South] countries will be made official on 25 June despite the current disagreements between the negotiating parties.

According to Chilean Foreign Minister Jose Miguel Insulza, disagreements that might remain pending will be treated and analyzed "after the signing of the agreement." He recalled that the date for the signing of the agreement was set by the presidents of countries that comprise the Mercosur.

He acknowledged, however, that if important matters are not treated before 25 June, "of course that situation will have to be reassessed."

After two years of negotiations, and a little more than a month before the signing of the agreement, Mercosur handed over to the Chilean Foreign Ministry a memorandum on the rules of origin that includes additional requirements for more or less 50 percent of the tax base.

This sudden proposal has caused uneasiness in Chile because it could involve a delay in the signing of the agreement, the last round of negotiations for which began today in Buenos Aires, where the technical teams of the two parties are meeting.

Foreign Minister Insulza also categorically denied that the U.S. Administration has viewed its relations with Mercosur as privileged, leaving aside Chile's inclusion into NAFTA.

This process suffered a serious setback toward the end of 1995, when the U.S. Congress rejected a White House petition for a "fast track" [preceding two words in English] treatment of the negotiations for Chile's entry into NAFTA, which would make Chile the fourth partner of this organization, comprised of the United States, Canada, and Mexico.

Insulza said that there is "a serious mistake" in that interpretation, which circulated over the past weekened, because there is no proposal either from Mercosur or from NAFTA that refers to a Mercosur-NAFTA association.

The Chilean foreign minister added that Mercosur has explicitly rejected that possibility. He explained further that rapprochement between these two economic agreements is based on the future creation of the Free Trade Area of the Americas [FTAA] by the year 2005.

Insulza said: "When it is said that a rapprochement between NAFTA and Mercosur is good in the sense of discussing the creation of the FTAA, it does not mean an inclusion of Mercosur into NAFTA."

He added that, in any case, the possible connection that could exist between the two organizations "does not affecct the Chilean position at all, because we hope to join the Mercosur now and NAFTA afterward."

Chile: Navy Delivers Patrol Boat to Mauritian Government

PY1805013796 Santiago EL MERCURIO in Spanish 11 May 96 p C10

[Report by Pilar Espinosa from Talcahuano]

[FBIS Translated Excerpt] On 10 May, the first Chilean-made patrol boat for export was officially delivered to Frigate Captain Surinder Pat Singh Cheema, the representative of the Mauritian Government, during a ceremony presided over by 2d Naval Zone Commander Rear Admiral Jorge Balaresque Walbaum.

The Vigilant is worth $22 million and was built at Asmar [Navy Shipyards and Ordnance.] It will be the main ship owned by the Mauritian Navy and will be used to safeguard the exclusive economic zone in this republic's nearly-1,000 km coastal area.

Cheema explained that it will be difficult for those who want to evade police action to detect the ship because of its special characteristics. It will also serve to control smuggling and drug trafficking, performing the function of maritime police.

The Vigilant has a range of 4,000-nautical miles which allows it to operate for 30 days. It is 75-meters long and 14.5-meters wide, and can transport 57 people at 10 knots. [passage omitted]

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Colombia

Colombia: 'Precautionary Measure' Issued Against Ministers

PA2105223496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2100 GMT 21 May 96

[Report by Luis Guillermo Sanchez and Gerber Vega; from the "Caracol's Quarter of Hour" news segment]

[FBIS Translated Text] Santa Fe de Bogota — The prosecutors unit at the Supreme Court of Justice has issued a precautionary measure [medida de aseguramiento] consisting of an admonition [conminacion] against Interior Minister Horacio Serpa Uribe, Foreign Relations Minister Rodrigo Pardo Garcia-Pena, and Communications Minister Juan Manual Turbay Marulanda, all of whom had been implicated in the so-called Case 8000.

The decision adopted by Prosecutor Jaime Camacho Flores, who is conducting the investigation against the three members of the cabinet of President Ernesto Samper Pizano, is the lightest precautionary measure established under the Colombian Penal Procedural Code.

After 1700 [2200 GMT], the Prosecutor General's Office will issue a communique providing information on the decision, which was first reported by Emisoras Caracol Network 53 minutes ago.

Sources from the Prosecutor General's Office stated that the ministers were admonished by the Prosecutor's Office to observe good conduct, to be ready to present themselves when the prosecutors so require, and to report their change of address if that should occur.

After the Prosecutor General's Office issued an admonition measure against the ministers of interior, communications, and foreign relations, we asked Communications Minister Juan Manuel Turbay how he received the news and did he expect it?

[Begin Turbay recording] We expected this decision, of course. We had cooperated with the Prosecutor General's Office. We had presented all evidence [words indistinct] how the entire situation evolved, presented countless witnesses to demonstrate our conduct during the campaign. We anxiously expected this decision from the Prosecutor General's Office. [end recording]

The minister of communications confirmed that he has not thought about resigning, but the final decision on his remaining in office is in the hands of President Samper.

[Begin Turbay recording] We have at no time submitted our resignation. We stated that we would make a decision in this regard based on this decision. Had another measure been issued, we would have been willing to resign. But under these circumstances, we will talk to the president to make a decision in this regard. I am ready to support him. [end recording]

Turbay added he received the news in the company of all his family members, who accompanied him in these latest hours as he awaited the final decision from the court.

Meanwhile, Interior Minister Horacio Serpa Uribe, Foreign Relations Minister Rodrigo Pardo, and Communications Minister Juan Manuel Turbay have just begun a meeting with President Ernesto Samper Pizano to assess the Prosecutor General's Office ruling resolving their juridical situation.

The president and ministers are now analyzing the situation created by the measure consisting of the admonition, which was issued by the prosecutors unit to the Supreme Court of Justice. The result of this meeting will be a communique from the head of state, in which Ministers Serpa, Pardo, and Turbay will be confirmed in their posts.

The communique will be issued at 2200, once the terms of the Prosecutor General's Office ruling are assessed.

It has been learned that President Ernesto Samper Pizano will also announce he will observe this measure decreed by the prosecutor [word indistinct] the Supreme Court of Justice.

Colombia: President Reacts to Prosecutor's Order

PA2205004496 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2227 GMT 21 May 96

[Report by Luis Eduardo Maldonado from Narino Palace — live relay]

[FBIS Translated Text] President Ernesto Samper Pizano has just commented on the order the Prosecutor General's Office issued this afternoon, letting the interior, foreign, and communications ministers, who were implicated in Case 8000, to remain free on their own recognizance [medida de aseguramiento de conminacion]. This is what Samper said:

With regard to the decision the Prosecutor General's Office adopted today on the conduct of the interior, foreign relations, and communications ministers, the Presidency of the Republic states the following:

First, once the decision was known [word indistinct] ministers gave the president the liberty to decide whether they should stay in office. Considering the nature of the judicial decision and his personal confidence in their innocence, the president has asked the ministers to remain in their respective posts. The ministers have heeded this decision.

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Second, the head of state feels that although the decision by the Office of the Prosecutor General does not correspond to the national government's certainty of their innocence, it no doubt constitutes the start of the final stretch of this judicial process, which must conclude for the good of Colombia in a clear determination of individual responsibility with regard to what happened in the past electoral campaign.

Third, President Samper reiterates his request to the Honorable Chamber of Representatives to adopt a swift decision in the proceedings being conducted on his own actions. The responsibility for this is in the hands of the congressmen and the news media, which must allow them to adopt a prompt decision without pressure and based on their conscience, inspired by justice and not by political interests.

[Dated] Narino Palace, 21 May 1996.

Colombia: Justice Minister on 'Precautionary Measures'

PA2205042296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2235 GMT 21 May 96

[FBIS Translated Text] An Italian delegation, accompanied by Colombian Justice Minister Carlos Medellin, visited the Supreme Court and met with Supreme Court Justice Jose Roberto Herrera Vergara today.

The minister said that the admonishment measure [medida de conminacion] imposed by the Office of the Prosecutor General on the communications, interior, and foreign relations ministers shows that there was no clear evidence that the ministers had any criminal responsibility in the infiltration of drug money into Samper's presidential campaign.

[Begin recording] [Medellin] We have not read the text of the document. This measure — so that people can understand the term — means that those involved must make periodic appearances before the authorities. This is stipulated by law in cases when a [words indistinct] responsibility is not clear. Consequently, instead of a precautionary measure [medida de aseguramiento] such as imprisonment, the person is simply required to make periodic appearances before the authorities until the investigation is completed.

[Reporter] What does this decision by the Prosecutor General's Office imply for the national government with regard to the crisis in the country?

[Medellin] Well it means that, as we have repeatedly stated, in Colombia, prosecutors must investigate that which is favorable, as well as the unfavorable. We have the impression that the prosecutors investigated the favorable aspects in this case, which, of course, represented almost all the evidence against the ministers. Therefore, I personally feel calm and optimistic. I am also very pleased that the favorable aspects in the case of the three ministers were indeed taken into consideration.

[Reporter] Can these officials continue to fulfill their duties with this precautionary measure on them?

[Medellin] Legally, [words indistinct] if there is no arrest warrant. However, this is a decision they must make together with the president.

[Reporter] Is the Office of the Prosecutor General showing signs of weakness because a stronger decision was not made?

[Medellin] No, justice makes decisions and issues rulings both acquitting and convicting individuals. One cannot say that justice only convicts. Does it mean that if there are no convictions there is no justice? And what about those who are innocent? [end recording]

Colombia: 3 Ministers React to Prosecutor's Decision

PA2205052296 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2312 GMT 21 May 96

[News conference by Interior Minister Horacio Serpa, Communications Minister Juan Manuel Turbay, and Foreign Minister Rodrigo Pardo with local correspondents at Narino Palace in Santa Fe de Bogota on 21 May; live — broadcast in progress]

[FBIS Translated Text] [Serpa] ...that you publicly commented. In this provision, most of those charges are dismissed, and I repeat that we are charged with covering up. The admonition [conminacion] requires our commitment to appear before the prosecutor's office whenever they deem it necessary, to keep them informed on our address and to observe, in general, good social behavior. Consequently, after you have been informed of the above, we are now at your disposal:

[Unidentified reporter] [Words indistinct] would like to know if [words indistinct] evaluated [words indistinct] particularly in regard to the behavior of the foreign minister. What may be the consequences of this decision in preventing you from carrying out your job effectively?

[Pardo] We have made an assessment with the president. We have placed our positions at the disposal of President Samper. He has requested that we remain in office, and we have accepted to continue to exercise our functions. As you know, there is a possibility that the president, after the process at the Chamber of Representatives is resolved, will make a cabinet change. Therefore, we will remain in office until that date.

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[Unidentified reporter] Messrs. Ministers, has any decision been made, in conjunction with the president, on leaving your positions or remaining in office? Have you decided to continue supporting the president?

[Serpa] We have told the president of the Republic that, due to the decision adopted by the Prosecutor's Office and all the circumstances surrounding the process, we place in his hands the decision on our dismissal. He has requested that we, the three ministers, remain in office. He believes in our innocence, which, of course, is very clear. He has been told that the admonition by the Prosecutor General's Office for a cover-up does not pose any problems for our normal tasks at the respective ministries.

After hearing the president, we have accepted his request that we remain in office. And this is what we will do.

[Sanchez] Good evening, Messrs. Ministers. Florencio Sanchez of "90 Minutes" newscast. Do you believe that the investigation being carried out by the Congressional Accusations Commission and the one being carried out by the Supreme Court of Justice and the Prosecutor General's Office regarding the so-called case 8,000, or the infiltration of drug money into the Samper campaign, can substantially change due to the decision just made by the Prosecutors Unit at the Court in regard to your cases.

[Turbay] These are, of course, different processes being handled by different government prosecutors. However, they are obviously related, because the charges that are being investigated are similar in many instances. Therefore, evidence will be key in helping the corresponding prosecutors make a final decision.

[Unidentified reporter] Dr. Rodrigo Pardo, isn't it a negative thing for the country that the foreign minister must ask for permission each time he wants to leave Colombia?

[Pardo] The decision the Prosecutor General's Office made today does not imply any restriction on the exercise of freedom. Therefore, I would see this from a different perspective. I see this as a gigantic step toward the absolute and definitive clarification of my conduct during the electoral campaign and during my government tenure. We must consider the fact that on 13 March, when I was charged as part of this case, prosecutors believed I was involved in more serious offenses, which today have been dismissed.

Consequently, I believe that starting today, I will be much more able to show the international community that what has transpired within this investigation so far has allowed us to make progress in clarifying the events. I hope this investigation will be concluded in the next few months.

In addition, we don't have to ask for permission to leave the country. We must comply with providing information to the Prosecutor General's Office whenever we leave.

[Vega] Good afternoon, Messrs. Ministers. I am Indira Vega. Ministers, despite the fact that no arrest warrants were issued against you, there are elements implicating you in the alleged offense of covering up. It continues to be disturbing for the country that three of its ministers closest to the president are implicated in this mess. Why don't you resign once and for all?

[Serpa] In the first place, we do not plan to resign, because we are confident we did not commit any violation of the Criminal Law or the principles of political ethics. We are absolutely sure about our behavior. Many people believe in our innocence in this country, including the president. And this has a lot to do with what you are asking.

Second, we will not resign because the decision of the Prosecutor General's Office will not affect our functions. It does not impose any prohibition on us; it does not prevent us from fulfilling our duties in accordance with the Consitution. It does not affect us in any way. Consequently, we can continue to fulfill our duties in a comprehensive manner.

Third, we will not resign, because under the penal legislation, covering up is a minor offense and the fact that an admonition was decided on this conduct does not imply our responsibility in this case. This simply means that there is an indication that we may have commiteed a possible offense. Therefore, we will present, next week and during the investigation period, evidence and will clarify this situation to the Prosecutor General's Office. We will respond, in a more concrete manner, to concerns the Prosecutor General's Office may have. Consequently, we are absolutely confident that in the end, it will be clear that we never covered anything up.

[Pardo] If you allow me, I would like to add something about this issue. I may sound a bit repetitious but I would like to stress, once more, the nature of today's decision. Today the Prosecutor General's Office has not decided on whether we are linked to the case. That decision was made on 13 or 14 March. Today's decision is that, after reviewing the reports against us and after reviewing the evidence we have presented in our favor, the Prosecutor General's Office has determined that there are no grounds to continue the investigation for most of the offenses with which we were originally charged.

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Therefore, what occurred today is that, by defining the juridical situation to determine under what juridical system the investigation will proceed, the Prosecutor's Office has chosen the lightest alternative established in the Penal Code. This is an indication that the evidence in this case is in our favor.

[Serpa] I would like to add that the Prosecutor General's Office was investigating the offense of cover-up before this government took over. You must remember the charges on the narcocassettes. In addition, the National Electoral Council was studying the electoral spending ceilings. Once we are able to demonstrate all this and prove that this was being investigated, that this was known, that we did not cover up anything, as the public knows, we can be confident that this alleged misdemeanor will be clarified.

[Maldonado] Messrs Ministers, I am Luis Eduardo Maldonado of Radio Cadena Nacional. With the decision the Prosecutor General's Office adopted this afternoon, should one believe that the Case 8000 against you has crumbled? If that is so, why are you announcing that you will resign once the ruling by the Accusations Committee is made known?

[Pardo] What was the first part, what crumbled?

[Maldonado] Case 8000, with the prosecutor's decision.

[Pardo] I think this is a step forward in ascertaining responsibility and the facts. We — and I am speaking on behalf of the three ministers without consulting them, because I do not need to — are confident and hope that this inquiry will culminate and reach the final consequences and will clarify the responsibilities for the possible anomalies that were committed in the electoral campaign. For that reason, I believe that instead of being an obstacle for the continuation of the so-called Case 8000, this constitutes a step forward toward clarifying who is truly responsible. In this respect, I believe this is something positive.

We have not made any decision on resigning once the Chamber issues its ruling, but the power to reshuffle his ministers whenever he wishes to is one of the president's privileges. The president knows that as far as we are concerned, our posts are at his disposal, so he can make any political reshuffling he wants. [words indistinct]

[Maldonado] One way or another, the country had become, quote, used, unquote, to seeing anybody summoned by the Office of the Prosecutor General going to jail. Today, most unexpectedly, you three apparently have nothing to do with many of the charges that were brought against you. I ask you, doesn't this represent a 180 degree turn in the proceedings being conducted? This is such an unexpected development in your favor or at least in favor of clarifying the proceedings or who knows what. It is at the very least something totally different from what the country had become used to seeing on the part of the Office of the Prosector General after someone was summoned to testify.

[Serpa] I would not really say that this is what the country has become used to seeing, but rather what the news media — and I am saying this with all due sincerity and respect — were used to reporting to the people. We always said that if — as we expected — the investigating authority sought the truth and acted with impartiality, the outcome would [word indistinct] be favorable to us. That is an answer we gave many times. Because — we repeat — we know how we acted as citizens, what our conduct as politicians was, and how we participated in running the government whenever we have been entrusted with responsibilities of this nature. Most of all, we are perfectly aware of what each one of us did in the presidential campaign of Ernesto Samper Pizano. What we did is what we with utmost respect and consideration told the Office of the Prosecutor General.

Now, as the president mentioned last week in a major address, society had indeed started a kind of betting game on what the ministers' fate would be, a game in which most of the time there was not the least consideration for the ministers. I used to be surprised to see how many news sources did not even give us the benefit of the doubt, as they say, although we have had a clean and honest record for many many years. We were simply convicted for this or that circumstance although, in addition to what I am saying, we were barely at the beginning of an investigation.

I would like to remind the news media and the country in general that in this country, as in all civilized countries of the world, someone is not guilty until the moment he is convicted. Meanwhile, he is presumed innocent. This is not a right that Colombian legislation is granting the ministers, but a right won after many years of strife, bloodshed, and lives lost for world democracy.

[Moderator] Two final questions.

[Unidentified reporter] Me. Mr. Turbay can you tell us exactly what the status is of the decision by the Office of the Prosecutor General. After two long months, the pressure has gone down a little, I mean, the relief finally came today.

[Turbay] As you have heard today, the decision is that we are free on our own recognizance for the alleged offense of covering up for someone. All of us are very happy to be able to prove that we are not responsible for the most important charges brought against us. We proved we had nothing to do with that, and the Office

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of the Prosecutor General, of course, should continue to seek those responsible for perpetrating those offenses. That lowers the pressure on us. We are certain that the remaining aspect... [pauses] once we have submitted the arguments and transferred the evidence found in other legal entities to our process, they will categorically and unquestionably prove we had nothing to do with the offense of covering up or failure to obey the law that is being mentioned.

[Reporter] The decision of the Prosecutor General's Office leaves the following question up in the air. Fernando Botero and Santiago Medina are two big liars. Their testimonies, on which the Prosecutor General's Office largely relied to accuse you or implicate you in Case 8000, have crumbled. Do you continue to insist that Botero and Medina are liars and also thieves, because they did not let the elephant [elefante] get into the campaign.

[Pardo] William, I think that what one says about the accusations or a process is not as important as what the legal entities say. In this respect, we have made great strides today. I frankly feel that things have been left in their place. I feel at ease. I feel calmly satisfied and happy that I was spared the worst assumption that had been made, namely, the possibility of my being detained. For almost the past three months the question was whether or not we were going to be detained. The decision was that we are not. I feel that decision says a lot about the quality of the material that was used to accuse us and the quality of the material with which we have sought to defend ourselves.

[Moderator] Two more questions.

[Unidentified speaker] One for each one.

[Unidentified reporter] Do you view this outcome as a political victory for the government?

[Serpa] Not at all. We are neither euphoric, nor defiant, nor haughty, nor arrogant. We are calm, as we were during these weeks that were not easy. You can attest to those circumstances. We think that a rational analysis was made of the evidence of the inquiry. We think this corresponds to the good handling of justice. We know the inquiry continues. We will remain ready to provide our ?assistance to clarify everything pertaining to our role in the electoral campaign so that the whole truth — the certainty, as the lawyers call it — can finally emerge, since we are confident we will be exonerated even of the charge of covering up. For that reason, we accept this decision with calm. As the foreign minister has just stated, when a warrant for your arrest is issued, it is not the same as being admonished, which is what the Office of the Prosecutor General did today with us. We are going to continue? [Word indistinct] this measure until we prove in a total and clear manner our absolute innocence.

[Reporter] Can the country be at ease in the wake of this decision, in the sense that what some sectors have described as an institutional clash taking place in the country has eased up?

[Unidentified speaker] I think that this greatly clarifies the whole process. It shows what the responsibilities were in the campaign and puts things in their place, and, of course, the government, the president, is the one most interested in seeking a formula for national reconciliation and bringing calm to the country with the spirit of finding solutions to the very many problems we have that are more delicate than this one, which has held the attention of all the news media and most people, namely, Case 8000.

[Reporter] Concerning governability, how can one understand this ruling? Does it provide a respite to the government? Is this government going to fall, as some sectors are certainly requesting?

[Prado] I would like to interpret this ruling as indeed an invitation for peace and tranquility. I feel that in some way, it is a demonstration that this country has a way of overcoming the crisis we are facing. President Samper announced measures to boost governability once the Chamber of Representatives issues a ruling, which we hope will be favorable to Samper. I think that this is a time in which we must make a collective effort to set aside hatred and wounds, heal the wounds that have been opened, and think collectively that we must help the country progress.

I repeat, this decision can be interpreted as an invitation to be optimistic, serenely optimistic, in the sense that the country has the needed institutional instruments to come through in this difficult time, just as Colombia, in the past, has overcome even more traumatic times than this.

[Moderator] Thank you minister and journalist colleagues.

Colombia: Communique on Measure Against Ministers

PA2205053196 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2337 GMT 21 May 96

[Report by Adruvel Garcia]

[FBIS Translated Text] Good afternoon. Attention. The Office of the Prosecutor General of the Republic has just

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made official the precautionary measure [medida de aseguramiento], which involves an admonishment [conminacion], against the ministers in President Ernesto Samper Pizano's cabinet who have been linked to Case 8000.

The text of the communique is as follows:

The prosecutors' unit at the Supreme Court of Justice today resolved the legal situation of ministers Horacio Serpa Uribe, Rodrigo Pardo Garcia-Pena, and Juan Manuel Turbay Marulanda by indicating precautionary measures against them as alleged accessories to covering up the crime of illegal enrichment. In addition to the precautionary measure, involving an admonishment, the accused must comply with the obligations stipulated in Article 119, excuse me, 419, of the Criminal Procedures Code.

With regard to charges of legal fraud and swindle, the prosecutors' unit at the Supreme Court of Justice restricted the extent of the decision based on the Council of State's recent temporary ruling. The investigation is continuing.

This was the news bulletin issued by the Office of the Prosecutor General of the Republic a few minutes ago.

Colombia: Samper Discusses Probe, U.S. Ties

PA1705215496 Medellin EL COLOMBIANO in Spanish 12 May 96 pp 6d,7d

[Report on "exclusive" interview with President Ernesto Samper Pizano by Juan Jose Garcia Posada and Jorge Alberto Velasquez Betancur; place and date not given; first paragraph is EL COLOMBIANO introduction]

[FBIS Translated Excerpt] President Samper has the appearance of a calm, impartial, and good-natured man, who has no plans to leave, but on the contrary, to stay. When he replies he looks into the eyes of the person he is speaking to and shows that at least he believes what he is saying. His own gestures confirm the self-control he has managed during this long spell: He keeps the fingers of both hands clasped. Once in a while he separates his hands, not to wave them around, but to point his index finger. Perhaps due to the enormous experience he has developed in the handling of Case 8,000 answers, he speaks with coherence and displays no incongruity and no visible contradictions. His concentration on the topic is such that regardless of questions on other subjects, such as Colombia's leadership among the nonaligned or possible U.S. economic sanctions, he always returns to the affair that has become obsessive with him and with the country and ends by reaffirming his intention to continue as president. His tone of voice, physical appearance, and his moderation in replying, confuses whoever has approached him thinking they will find a confused, ashamed, or uncomfortable president. He does not dodge the questions, even though his replies repeatedly and insistently are to do with remaining in office. In his frequent reference to his critics and detractors he does not differentiate conditions or degrees and places all — associations, politicians, media, and simple citizens — into the same generic category of adversaries. During the interview, which lasted about 30 minutes, and despite the work of his immediate aides, he took his time, as if he gave the new questions great importance. Repeatedly and as the dialogue moved on, the same anxiety kept arising: If the president is indeed innocent, as presumed, in view of the current lack of governability — whatever the root cause — what good does his innocence serve?

THE MOOD

[EL COLOMBIANO] Well, Mr. President: how do you keep up the mood, that optimism, the good disposition, the humor? Do you receive psychological advise, do you practice transcendental meditation, or take tranquilizers?

[Samper] Neither one nor the other. The truth is that I believe that these problems we are encountering are part of the daily life of a president in Colombia. I do not think any president in the world has problems of such intensity or as varied as the president of Colombia has. But for me, this is part of my routine, the same way this must have been the case of my predecessors. [passage omitted]

THE TRUTH OR HIS HEAD

[EL COLOMBIANO] Mr. President, with all due respect, I would like to ask you: Have you compared your personal situation with that of the country's situation, from the point of view of public morals and the president's morals? In other words, is your innocence of any use or of any interest to the country in the condition the country is in?

[Samper] The country cannot have a president whose honesty in any field is in doubt. That is why the solution to this crisis, as I have been saying, begins by clearly establishing, such as I hope it will in the trial in the Chamber of Representatives, what the responsibility really is and the explanation of my conduct. This is why I have also clearly said that only from that moment can the country make an analysis, which I myself will lead, on the solution to the political crisis. What worries me is that right now there are people who are not thinking in terms of whether I am guilty or innocent, who do not seek the truth, but my head instead. [passage omitted]

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SURE OF HIS ABSOLUTION

[EL COLOMBIANO] All the solutions you propose assume that the Chamber of Representatives will acquit you. What makes you so sure it will?

[Samper] Because I am sure of my innocence. If it were not that way we would be facing a political trial. But I am sure that if the representatives vote with the case file in hand and do so with their conscience, the only valid decision they can make is to declare me innocent.

[EL COLOMBIANO] But the Chamber of Representatives currently faces the alternatives of either saving the prestige of the National Congress or delivering the president's head, and they will choose to deliver the president's head...

[Samper] It would seem to me deeply immoral and disappointing also that the vote could be guided as to the need to save prestige, to come out well in the face of public opinion. That would be confirming that there is a crisis in the National Congress. On the contrary, I believe that the best way the National Congress has to vindicate itself is to submit the president to a trial, just as any citizen has a right to, and not accept the lynching of the president, which is what certain media want. The National Congress must remain removed from any sort of pressure, especially those being exerted lately by the media, certain media. [passage omitted]

[EL COLOMBIANO] If if were not for these circumstances, including the legal aspect for instance, do you believe that if public order was more adequately handled, would a new war tax be justified?

[Samper] I do not know whether this procedure is a tax or a contribution. However, I believe that it would be virtually impossible to win a war against rebel groups and illegal sectors, including kidnappers and drug traffickers, if this country's productive sectors do not accompany their conscientious actions with the reasonable action of taking money out of their pockets. It may be said that the Armed Forces are inefficient; I do not believe so. I believe that the Armed Forces have been changing more slowly, if you wish, as to their ability to meet the new challenges brought about by organized crime, which has communications systems and has resorted to terrorism as a form of battle. However, we have to decide whether we make an effort to win the final battle or whether we do nothing about it. As it often happens in life, time is running short for the state. Time is not running short for subversion or for organized crime, but rather for the state. [passage omitted]

I HAD ESTABLISHED ETHICAL CONTROLS MYSELF

[EL COLOMBIANO] There is one particularly worrisome issue that involves responsibility. Colombians clearly know that the president is an honest man. However, this issue keeps coming up: responsibility cannot be delegated and the president should also be made responsible for the actions and events that took place during his campaign.

[Samper] Yes, but this responsibility should not be viewed separately. It should be viewed within the context of what the campaign was like, and the possibilities the campaign had of being infiltrated as this might have occurred. This has not been proved yet. But, more to the point, there could be a responsibility, if the infiltration had taken place, if the government had compromised its fight against drug trafficking.

It is not the same thing to say that funds came into the campaign to be spent directly to finance it, in exchange for a pledge with drug traffickers, than to say that the campaign could have been infiltrated. And that perhaps a large part of those funds or all of them did not reach the campaign but were diverted instead for the personal gain of the campaign director and the treasurer, as has indeed been demonstrated with the suspicious transactions they made the last week of the campaign. Additionally, there was never any disposition to receive those funds because I personally established ethical controls to prevent it, and, in the end, they did not lead to any kind of pledge, since otherwise the Cali cartel would not be in prison.

However, if you look at things from a different point of view, then we would have a situation of clear immorality, namely that a candidate who establishes all controls, who establishes guidelines to raise funds is infiltrated or could have been infiltrated by this kind of money, and despite capturing the cartel that is responsible for this action he winds up being politically sanctioned. Deep down, that would be to say that that person had been defeated by the drug cartels, and that would be immoral.

I ADMIT I MADE A MISTAKE

[EL COLOMBIANO] Do you admit you made a mistake in choosing your campaign advisers?

[Samper] I admit I made a mistake, but I acted in good faith, because I always thought they were honest and were going to abide by the honesty rules that I had personally established, and I believed in their innocence until they incriminated themselves, demonstrating that I was wrong.

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THE THREE MINISTERS

[EL COLOMBIANO] In the case of the three ministers, the interior, communications, and foreign relations ministers, will you continue swearing by their innocence, come what may, no matter what happens?

[Samper] Yes, and I do it because I respect them, I respect their conduct, and I respect their careers. I know for certain their conduct is unblemished and I know the transparency and honesty with they acted within the campaign.

[EL COLOMBIANO] If any of them were implicated in the penal investigation or arrested, what will happen to the government?

[Samper] No, the government is prepared, as it has been throughout this process, to accept the requirements of justice, and to abide by its decisions. I must confess, however, I would be greatly disturbed as president, more than as a citizen and friend of the ministers, by a decision along those lines, because it would have an unmistakable political overtone.

DICTATORIAL TEMPTATION

[EL COLOMBIANO] Sometimes, when listening to your statements in which you, for instance, appeal to the power of the masses, suggest a massive mobilization, could one think as a citizen that there is a Fujimori lurking inside Samper?

[Samper] I often feel unfairly inhibited from taking the decisions I honestly believe should be made to correct certain kinds of situations, especially with regard to the topics of law and order. I must also confess, however, that these inhibitions always find an ally in my liberal way of thinking, not in partisan terms, but in democratic terms. I do agree with you, however, that under the current constitutional restrictions it is very difficult to achieve complete governability in the country.

NOT A FUJIMORI-STYLE COUP

[Reporter] If the politicalization of the justice system or of the Prosecutor General's Office is proven, and in case Congress were to chose to condemn you, would not these be motive for a "Fujimori-style coup," to shut down Congress and the courts?

[Samper] Not at all. As I said, I have kind of an ideological sense of honor that prevents me from taking any authoritarian action.

KEEPING THE REIGN

[Reporter] Returning to the subject of your innocence: Of what use would your innocence be to the country if this climate of instability, attacks, and denunciations, continues for the next two years? Would you be willing to stay in power under those circumstances?

[Samper] I believe all these scandals, injustices, this entire frame-up, is obviously seeking the head of the king. However, if they do not get the head of the king, then the reign can continue.

I DO NOT FEEL LIKE THE OFFICIAL PARTY LEADER

[Reporter] The head of state has traditionally been the leader of the government party. Have you felt at any time that that hierarchy is being disputed or questioned by the Liberal National Directorate [DNL] during your meetings to consult with former presidents, or with Vice President De la Calle, or the Liberal Party's Ethics Control Council, when it began its investigation because of Representative Ingrid Betancur's accusations, or do you feel like you are the party leader?

[Samper] I do not feel like the official party leader. I was forged in the liberal tradition. I made my career in the ranks of liberalism. In contrast with other party sectors, I have an open position toward other political sectors. Because of the way I am, I am not a sectarian, and I have proven that during my administration. The political forces that have sought to distance themselves from the presidency have done so not because they have not found tolerance and understanding in the president, but because they have taken an independent decision based on a politics. Thus, from this point of view, I feel that I have some control over the party, and, of course, I wish the majority of members of the Liberal Party were closer to my view than to the views of other leaders of the party.

[Reporter] Have you been consulted regarding the DNL's recent actions?

[Samper] Yes, of course, rather that being consulted I have been informed. I cannot practice politics, the only thing I can do is express my opinions, and I have done so in a private way.

[Reporter] On the same issue, would you accept their decisions or recommendations?

[Samper] Yes I would, to the extent that I believe they express the interests of the nation, which at this moment is the first of my priorities. If I believed they were going against the interests of the nation, or course, I would not accept them.

A PRISONER OF PRESSURES

[Reporter] There is a public sector which says that you are a prisoner to the bureaucratic pressures exerted on you by a sector of your party.

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[Samper] That is false. To the contrary, the Liberal Party is not the only party participating in the administration. Other political sectors are participating as well, the Independent Conservatives, and the Alliance for Colombia, which musters a number of plural forces. At least I have not felt pressure from those sectors. The administration has proven it has the capacity, at a given time, to have its own teams. I have a long-term political plan, and I have many lieutenants to replace captains, captains to replace colonels, and colonels to replace generals.

[Reporter] Is that a metaphor, Mr. President, or could you be more specific regarding that last statement?

[Samper] It is a military metaphor. You know that soldiers are not given to deliberation.

SAMPERISM

[Reporter] You mean Samperism will be alive for a long time in the party?

[Samper] Much more than Samperism, a vision of what this nation should be, a concept regarding social investment, the role of the state, sovereignty, and respect for the provinces. I believe that what is at stake here is not a discussion regarding how the campaign was financed, for which there is an established mechanism for determining, investigating, and punishing regarding this issue, but because there are persons that do not like the government's platform, and I would prefer that they would say so openly instead of hiding behind other arguments. Let us have an intense, ideological debate so that each person may express his ideas. If they do not like the administration's policy for the recovery of the agricultural sector; if they believe it is best to dismantle the state than to uphold a state that is developing a social policy; if they believe the level of international commitment should be greater, let them say so. I prefer a face-to-face debate in which each one expresses his own ideas than having each person hide behind arguments so that they do not have to propose what they should propose candidly.

THE RHYTHM OF THE NAM

[Reporter] When Colombia took over the presidency of the Nonaligned Movement (NAM) many great expectations were created, however, it seems as if that presidency has not yet begun performing its duty. Is there a plan by the administration to begin performing that duty?

[Samper] No, the NAM moves at a different speed than Colombia. We have a notion of carrying out all actions at the speed at which we are accustomed to carry them out in Colombia. However, the rest of the world does not move at our speed. We are 100-yard dash runners and the rest of the world are marathon runners. That is why the NAM is not progressing well. We are having a meeting next week in which all the foreign relations ministers will be participating. A NAM meeting on education was held. We are going to give the agenda created in Cartagena de Indias to French President Jacques Chirac to take to the Group of Seven. The issue is being discussed in New York, then...

HE REJECTS U.S. SANCTIONS

[Reporter] Do you fear U.S. economic sanctions as a result of decertification?

[Samper] I reject the sanctions completely. It would be a great injustice, and would add to the injustice of decertification. However, if that were so, we are ready to respond to sanctions quickly and efficiently. [passage omitted]

HEROISM, TRUTH, AND LIES

[Reporter] Would you commit a heroic act, such as Nixon, for example?

[Samper] Yes, I would, if I were guilty, or if I had lied to my country.

[Reporter] You have not told a lie?

[Samper] I believe that what is most interesting about this process is that I have not changed the version I gave one year ago regarding my conduct or the facts of my campaign. If I had changed my version, at this moment I would not be able to raise my head high and say that this process has to end with a solution to the political crisis, which cannot begin with the head of the president.

Colombia: Assistant Prosecutor Views Work on Case 8000

PA1805175696 Santa Fe de Bogota EL TIEMPO in Spanish 16 May 96

[Received via Internet]

[FBIS Translated Text] Colombian Assistant Prosecutor General Adolfo Salamanca's interview with CROMOS magazine has angered Interior Minister Horacio Serpa, who has reproached him for his statements. What did Salamanca say? Among other things, he has said the following:

In view of phenomena such as drug trafficking, Case 8000, the Search Bloc, the government's intervention into our activities, and the clownish behavior of those who have headed the Judicial Police in the fight against drug trafficking, I have become involved in this case because I could no longer tolerate such

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trickery; therefore, after meeting for a second or third time with former Defense Minister Fernando Botero, the highest military and police echelons, the DAS [Administrative Department of Security], I specifically came and told Prosecutor General Alfonso Valdivieso: They are making fun of us. This is a farce. No one here wants to persecute anyone. This is a story full of lies.

And what did he do?

(President Ernesto Samper) decided to meet at the presidential palace every Monday to take control of the Search Bloc. We accepted this decision in good faith at that time, but we were very trustful because we did not understand then that the purpose was to hide everything that had been done for so long so nothing became known and to keep us under control as well.

It should be noted that reason, truth, and our good judgment have finally prevailed despite our credulity, meaning that neither intimidations, fear, terrorism, veiled and direct threats, enticement, requests, nor pleas were any good at all.

Had there been any offers?

Do not ask me for details. I do not want to describe any anecdotes as to what we were told or what offers were made, because this story would be a very long one. The truth is that this did happen. I am referring to the situation that occurred throughout one work year during which there were attempts to manipulate us, but those who made these attempts were wrong. What is even better: They ran into honorable individuals who only believe in their work regardless of the benefits or harm that may be caused to individuals.

Had we been unscrupulous, willing to negotiate, agreeable, or had we had a weak personality at least, the country's situation would have been rather different right now.

Colombia: Politicians on Validivieso-Samper Feud

PA1905044496 Santa Fe de Bogota EL TIEMPO in Spanish 17 May 96

[Received via Internet]

[FBIS Translated Text] The effects of the verbal confrontation between Prosecutor General Alfonso Valdivieso and President Ernesto Samper were felt in Congress.

The first to refer to this issue was Senate President Julio Cesar Guerra Tulena who described Deputy Prosecutor General Adolfo Salamanca as the "troublemaker" of the Prosecutor General's Office in reference to Guerra Tulena's criticism of the administration and the Congress in an interview granted to CROMOS magazine. Interior Minister Horacio Serpa said that the Prosecutor General's Office is becoming politically oriented. "People should ask themselves if it is permissible for a justice official to openly take a political position against the administration," Serpa said.

Justice Minister Carlos Medellin said: "Because investigations are being conducted against the political class, it is natural that these investigation will have political consequences, and when judicial investigations are involved, these also tend to become politically biased.

Medellin trusts that the relations between the administration and the Prosecutor General's Office will not change if cabinet members are placed in custody.

In conclusion, the minister called for peace and tranquility for the good of the country.

Moreover Senator Enrique Gomez Hurtado accused President Samper of abuse of power and interfering with the justice system.

El Valle Liberal Jose Renan Trujillo pointed out that everyone has the right to express the truth and warned that President Samper is making use of that constitutional right in the sense that he is the head of the administration and must defend the administration's actions, beginning with his ministers's actions.

Juan Martinez Caicedo Ferrer said: "I would say that the two sides have committed abuses. From this point of view, we must regain our composure and tranquility to prevent the government from reaching the edge of an institutional abyss."

Colombia: Liberal Party Postpones Decision on Samper

PA1905224996 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 17 May 96

[Report by Gilberto Alvarado; from the "Latest News" newscast]

[FBIS Translated Text] The Liberal Party's [PL] Ethics Control Council has postponed the date to decide whether or not it will open proceedings to penalize President Ernesto Samper for the investigations carried out by the Congress and the National Electoral Council.

The Council, which met at the PL's directorate, agreed to study on Wednesday the conclusions reached by the preliminary investigation that opened one week ago. This station has learned that new information related to Samper's case might arrive in a few hours from the National Electoral Council and the State Council, information that is to be added to the information

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already sent in by the Chamber of Representatives' Accusations Committee.

Crispin Villazon, president of the Ethics Control Council, responding to a petition for protection filed by Representative Ingrid Betancourt for the Council to make an immediate decision on Samper's case, said this petition is improper because it is impossible to make an overnight decision on an investigation of this nature, as requested, for it requires the application of procedures established in PL's Ethics Code.

Colombia: Accusations Committee Members Disagree on Samper

PA2105183896 Santa Fe de Bogota EL TIEMPO in Spanish 21 May 96

[Received via Internet]

[FBIS Translated Excerpt] Conservative Party Congressman Rodrigo Arcila has completely broken ranks with Heyne Mogollon, coordinator of the three-member group investigating President Samper's campaign, and has said that it has not been fully demonstrated that the president is innocent. Mogollon has stressed that the trial is a legal and not a political one. The triumvirate of officials responsible for investigating President Ernesto Samper was unable to reach an agreement on the report they will submit to the Accusations Committee of the Chamber of Representatives to ascertain the president's responsibility regarding the infiltration of drug-related funds into his campaign.

Liberal Party Congressmen Heyne Mogollon and Eliecer Meneses favor the president's acquittal, which was evinced in the resolution drafted by Heyne Mogollon and published by EL TIEMPO yesterday in an exclusive report.

Meanwhile, Rodrigo Arcila has said that he is not sure the evidence contained in the president's file fully demonstrates that he is innocent.

Under these conditions, it is possible that today two draft resolutions will be submitted to the plenum of the Accusations Committee, which will have a say in deciding which one of the resolutions it will confirm and submit later to the plenum of the Chamber of Representatives.

According to the regulations, it is also possible that only the report containing Arcila's dissenting vote will be submitted.

The deadline to present the resolutions expires today at 1800. Once the final report reaches the plenum of the Chamber of Representatives, this organization will have 15 days to pronounce its ruling. [passage omitted]

Colombia: Samper's Attorney on Prosecutor General

PA2105203396 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 21 May 96

[Report by Gilbert Vega; from "The Midday Newscast"]

[FBIS Translated Text] Narino Palace — Luis Guillermo Nieto Roa, President Ernesto Samper's attorney, cautioned today that the Office of the Prosecutor General has negotiated an anticipated sentencing of Santiago Medina, former treasurer of the Liberal Party's past presidential campaign, without examining important evidence that has been presented in the course of investigations carried out by the Accusations and Investigations Committee of the Chamber of Representatives.

Nieto said that if the Prosecutor's Office does not examine punishable actions that Medina could have committed, such as perjury, procedural fraud, falsification of private documents, lies, and money laundering, it could result in the fundamental rights of some people being ignored.

Attorney Nieto said that it is legally impossible and illogical to excuse illegal enrichment in favor of third parties without previously or, at least, simultaneously, establishing who the third parties are, something that can be done only by a suitable judge.

In a message he addressed to Prosecutor General Alfonso Valdivieso today, Nieto said that some observers believe that the purpose of the negotiations for an anticipated sentencing of Medina is to create the impression that the Office of the Prosecutor has already concluded the investigations, has established the existence of illegal enrichment, and has determined who really benefited from it as a way to influence other pertinent [word indistinct], which must soon decide on related cases.

Since I refuse to believe this, I have rushed to send you this letter, Attorney Luis Guillermo Nieto Roa said in his note.

Colombia: Citizen Committee Questions Samper Testimony

PA2205032096 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 21 May 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0000 GMT on 22 May]

[FBIS Translated Text] The Citizens' Follow-up Committee, which has been overseeing Case 8,000, has decided to resort to mathematics in this matter. Thanks to

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additions and divisions, they have concluded that at least part of President Ernesto Samper's testimony before the Accusations Committee could have been prepared before hand.

They have found that it is virtually impossible to review [digitar] 26 pages in three hours and 45 minutes. Therefore, they have asked the Accusations Committee to explain how it was possible to review 268 characters in one minute, considering that the record is 150.

[Begin Ernesto Michelsen of the Citizens' Follow-Up Committee recording] We should ask how this was done. How did such a wonder become possible? Could it be that this had been prepared beforehand? [end recording]

The investigator of the Citizens' Follow-Up Committee has concluded that both the questions and their answers had been prepared before hand, meaning that the testimony was not spontaneous.

Colombia: Accusations Committee Presents 2 Resolutions

PA2205024296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2247 GMT 21 May 96

[Report by Javier Contreras]

[FBIS Translated Text] Two resolutions were presented to the Accusations Committee of the Chamber of Representatives today. Congressmen Eliecer Meneses and Heyne Mogollon requested a termination of the investigations of President Ernesto Samper Pisano. Conservative Party Congressman Rodrigo Arcila presented a second resolution officially requesting that President Samper be tried by the Senate on charges of illegal enrichment, accessory to a crime, forgery of public documents, and fraud. He also requested the president be charged with dishonorable conduct.

[Begin recording] [Arcila] After a thorough self-examination, I believe the president of the Republic must be charged.

[Reporter] Of what charges?

[Arcila] I believe he should be accused of the charges presented by the Prosecutor General of the Republic: common crimes and dishonorable conduct.

[Reporter] Dr. Arcila, what are the specific charges? Four crimes have been viewed in this case. All of them?

[Arcila] All of them: illegal enrichment, accessory to a crime, forgery of public documents, and dishonorable conduct.

[Reporter] The fact that you did not present a joint resolution with the other two investigators means that they recommend the investigations be ended?

[Arcila] This is what I understand, because they only presented the one resolution expressing this opinion. [end recording]

As of tomorrow, the plenum of the Accusation Commission of the Chamber of Representatives will have five days to either accept or reject the recommendation presented by Eliecer Meneses and Heyne Mogollon to end the case against President Samper, or the one that accuses the head of state of the four crimes presented by the Prosecutor General, in addition to dishonorable conduct.

Colombia: Communique Threatens To Kill Politicians

PA2205053896 Madrid EFE in Spanish 1922 GMT 21 May 96

[FBIS Translated Text] Santa Fe de Bogota, 21 May (EFE) — The clandestine group, "Movement for the Dignity of Colombia," which kidnapped architect Juan Carlos Gaviria, the brother of former president and OAS Secretary General Cesar Gaviria, today threatened to "kill politicians without trials."

The group made the above threat in a new, five-page communique which bears a photo of the abducted individual and was delivered to "Colmundo" radio station in Santa Fe de Bogota. In the picture, Gaviria is holding a copy of the 9 May edition of the "EL TIEMPO" newspaper.

The communique is a "public response to Antonio Caballero," a columnist from SEMANA magazine and the "EL ESPECTADOR" daily, who lashed out in one of his articles against the group that kidnapped Cesar Gaviria's brother.

"We will resolve the situation of Juan Carlos Gaviria directly with the secretary general of the OAS, publicly, without guarantors or middlemen," states the communique, the fourth delivered to a newspaper since the architect was abducted on 3 April.

The communique then adds that, "from now on, we will try not to make more trials. This will be our general rule: We will try to kill politicians without a trial."

In the response to Caballero, "Bochica," who signs the document and identifies himself as the "general commander" of the "Movement for the Dignity of Colombia," offered an apology to Colombian writer Gabriel Garcia Marquez.

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In a preceding communique, the kidnappers had told the author of "One Hundred Years of Solitude" that they wanted to receive the income tax returns of the Gaviria family, one of the requisites for the release the architect.

"What we did with Gabo [Gabriel Garcia Marquez' nickname], naming him an ethical guarantor of Gaviria's income tax returns, is not in line with his intellectual greatness," says the communique upon accepting criticism from Caballero in a recent column of SEMANA entitled, "Take Note, Commander Bochica."

The threat to begin killings adds that "why scare them (politicians) with trials if, like you (Caballero) say, they are not going to commit suicide like the whales do sometimes. Asking for solidarity from our leaders is like asking for the impossible."

In what "we will not yield one inch," the message adds, "is in our determination that Gabo (Garcia Marquez) be the presidential alternative to get the country out of the hole it is in."

Three weeks ago, when the kidnappers of Gaviria asked this from Gabo, the writer requested that they "take their masks off" and rejected the proposal.

The communique insists on criticizing the administration of Gaviria (1990-94), as it has done in preceding communiques.

Toady's document is similar to the preceding ones, which carry on their first page the slogan "Movement for the Dignity of Colombia" in an arc that encloses two automatic rifles and bears in the lower part a picture of slain Liberal Party leader Luis Carlos Galan.

The lower part of the document says, in three lines, the slogan: "Colombia for Colombians! Not one step backward, always forward! Not one step backward and what will be... will be!"

Colombia: Defense Minister Discusses Border Issues

PA2105143796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 21 May 96

[Telephone interview with Defense Minister Juan Carlos Esguerra by News Director Dario Arizmendi and reporters Judith Sarmiento and Javier Ayala; from the "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] We greet Defense Minister Dr. Juan Carlos Esguerra Portocarrero just before he departs for Cartagena where he will open a seminar. Good morning, Minister.

[Esguerra] Good morning, Dario. How are you?

[Arizmendi] Are you concerned about the overflights by U.S. troops at the Colombian-Panamanian border with Panama's authorization?

[Esguerra] The truth is, no, provided those overflights are taking place over Panamanian soil and using Panamanian airspace. We have been inquiring as to the truth of these events. In fact, last night I again spoke with the foreign minister on this. The Panamanian Government has given its assurance that they simply gave the North Americans their authorization to conduct overflights to establish if that country's territory is being used as a drug- trafficking route.

[Arizmendi] On another front, Mr. Minister, what is the government's position in the event that Venezuela could restrict and close the border due to the latest events and incidents and the seemingly peaceful invasion, between quote marks, by narcoguerrillas to that country?

[Esguerra] I feel that the closing of the border would be regrettable. I believe that this does not help solve the problems. We should instead continue coordinating activities between the Venezuelan and Colombian public forces — each in its own territory — but giving each other reciprocal support against our common enemy, which is the border drug traffickers. I do not believe that the other way is going to resolve any problem.

[Ayala] Mr. Minister, among the many criticism levied against the so-called special security zones are that excesses have taken place, peasants are being mistreated, citizens are being attacked. What reply does the Defense Ministry have to these charges?

[Esguerra] If it is true that excesses have taken place, then I request that those people who are aware of them, make the corresponding report. I guarantee that this will be investigated and severely punished if it is found to be true. It is also true that the application of the measures that have been issued for the special public order zones imply bothersome discomfort, which I am the first to deplore. The government deeply deplores them, but has no alternative. This is like the case of a medicine one has to take to cure an illness when there are no other options. This is something we cannot help due to the current circumstances. We have to impose a few temporary limitations, a few partial limitations to certain individual rights, to see if we can manage to make the fundamental rights of the majority of people prevail.

[Sarmiento] Mr. Minister, the Guaviare governor specifically complained yesterday that he was the last person to find out that the special public order zone had been decreed and that local authorities had not really

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been consulted by the national government before taking these steps.

[Esguerra] In the case of the special public order zones, which he refers to, these are special because they cover areas that include more than one department. The delimitation was made by the president just as Decree 717 indicates, in response to a request by the military commander, in this case of the commander of the Army's 4th Division. Regarding this, the corresponding information was disseminated and the authorities were informed after the zones had been decreed because it did not have to be previously discussed with the governors.

[Arizmendi] Lastly, Mr. Minister, thanking you for this communication with "Caracol's 0600 to 0900," what is going to happen to the so-called war bonds — the contribution that the president announced worth 500 billion pesos for the military forces? When will the procedure be defined and from where will the resources come?

[Esguerra] What we have said is that there is an urgent need for these resources. Since then the government has been analyzing the different options to acquire it as soon as possible, taking into account all of the different formulas in view of our current position, this is not a decision that is up to the defense sector, but up to the government's economic team. We have been looking at this with the president. Naturally, he also wanted the Finance Ministry and National Planning Ministry to study this, because the bottom line is that they are the ones who have the most to say on this topic. We are simply awaiting the decision as to what mechanism will be used to secure these funds.

[Sarmiento] This has been Colombian Defense Minister Dr. Juan Carlos Esguerra Portocarrero in "Caracol's 0600 to 0900."

Colombia: FARC Group Attacks Store, Kills One in Uraba

PA1905031996 Madrid EFE in Spanish 2141 GMT 18 May 96

[FBIS Translated Text] Santa Fe de Bogota, 18 May (EFE) — One individual was killed and three others were seriously injured when some unidentified individuals today threw a fragmentation grenade inside a shoe store in Chigorodo in banana-producing Uraba region in northern Colombia.

Military sources have said the victim was an 18-year-old young woman who worked as a sales clerk at this store. A group of the Revolutionary Armed Forces of Colombia (FARC) was blackmailing the store owners.

The three individuals who were injured, including a 16-year-old minor, were admitted to a regional hospital in nearby Apartado Municipality. Hospital authorities have described their condition as "critical."

The authorities have attributed this attack to the FARC, which has also been charged with last year's killing of another owner of this store, which belongs to a national chain.

The FARC, the most important and oldest subversive group in this country, is largely present in the rich Uraba region.

Along with dissident members of the Popular Liberation Army (EPL), a group that had laid down their weapons in the late 1970's, the FARC is confronting paramilitary groups in a bloody war that has killed hundreds of civilians over the past few years.

Colombia: Post-Decertification Policies Criticized

PA1805033796 Santa Fe de Bogota EL TIEMPO in Spanish 17 May 96

[Unattributed article: "A Piece in Bad Condition" — received via Internet]

[FBIS Translated Text] Boston — For having decertified us, we are now offering the earth to the gringos, and the Mincomercio [Foreign Trade Ministry] is a divided ministry.

Our admired nobel laureate [Gabriel Garcia Marquez] usually says that his writings show more reality than the product of his extraordinary imagination. A few days ago when Gabo [Garcia] said that the country was being cut to pieces, he did nothing more than describe what everybody feels and sees.

Foreign trade is one of the pieces that has deteriorated the most. Wherever one looks one finds a conduct that leaves much to be desired. For instance, why is ProExpo [Exports Promotion Fund] spending a huge amount of money placing advertisements in the main U.S. dailies that do not follow any strategy or are not part of a publicity campaign?

For its designs and publication, an unknown and unexperienced firm was hired instead of the technical concept the specialized companies the government has hired to handle its image, against the Colombian ambassador to Washington's express and resounding wishes. What a beautiful display of government coordination!

Many thousands of dollars have gone down the tube. The cruel irony is that the exporters who should be most excited (Asocolflores [Colombian Association of Flower Exporters]) raised the roof because they believed that

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the advertisements were "unadvisable for the country and rather harmful for their sector."

They are right, because such a "brilliant" initiative erases with the stroke of a pen many years of effort that the flower growers had to put forth to separate the flowers' image from that of drug trafficking.

Another initiative that could turn out, in the long run, to be much more expensive for national interests was that of offering to the United States the negotiation of an agreement to protect its investments and its copyrights in Colombia in exchange for... nothing!

In light of such generosity, the gringo authorities immediately welcomed the revival of a bilateral commission that had been frozen, because very little could be discussed given the decertification and pre-electoral times. The meeting will be held on 21 May in Washington. Given the current circumstances, this is a negotiation in which Colombia has everything to lose and nothing to gain. It is hard to imagine what the United States could give to a decertified country (aside from the certification) in exchange for certain agreements on which it has a special interest.

The mere fact of having offered the agreements already represents a huge cost for the country. The gringos were handed a check that they neither had nor deserved, and they will cash it sooner or later. The previous government had discussed the issue with Uncle Sam; however, the entry into NAFTA was the requirement — believe it or not. Now, for having decertified us, we are offering them the earth. What kind of logic is this?

With good reason, Doctor Carlos Lleras de la Fuente is furious. Such an abrupt decision was also made against his will, and the private sector's agenda was not even consulted. So, we will have a bilateral commission with our main trading partner without knowing who are going to be the true players of the game.

Just what we needed. The ministry became a small institution without bureaucracy. The staff it has is more than enough, especially after it let itself be stripped off of the privileges that corresponded to it and that it had obtained with a great deal of difficulty. Nowadays, Mincomercio is a divided ministry.

However, since we need to continue purchasing political support and since the government no longer has funds to spend, 40 completely unnecessary professionals are scheduled to be added to the current payroll. What an impressive display of fiscal responsibility and good management. And at what a cost!

Some would say it is the typical syndrome of the former minister for whom there is no good replacement. I am exposing myself to criticism, because I could not remain silent when an entity that was created with so much dedication and illusion is being destroyed.

While abroad, I learned that a so-called "Commander Bochica" has suggested that those of us who were privileged to serve during President Cesar Gaviria's administration have regretted implementing our policies, whose respectable social results are backed by numbers. I am not only still convinced that the economic reforms implemented back then were essential to foster prosperity and welfare among the Colombian people, but also that any recession would have cost dearly. These economic reforms should go hand in hand with an aggressive social policy. President Gaviria and yours truly, therefore, have endorsed the current administration's social emphasis of its economic policies, which unfortunately have not experienced good results.

With this explanation, I do not want to engage in an ideological debate with a group that, sheltered under self-styled political slogans, makes use of the most despicable methods against innocent and defenseless people who are even out of the public spotlight. The country is tired of all the blackmail and violence, and in the kidnapping case of Juan Carlos Gaviria, those who call themselves the "Movement for the Dignity of Colombia" will only gain the people's overwhelming rejection of their actions, ideas, and dark intentions.

Colombia: Bank Leaders on Fight Against Money Laundering

PA1905194496 Santa Fe de Bogota EL TIEMPO in Spanish 16 May 96

[Received via Internet]

[FBIS Translated Text] The banking sector has announced that the fight against money laundering is a task coordinated between the state, credit institutions, and the other economic sectors.

Cesar Gonzalez Munoz, president of the Banks and Financial Institutions Association [Asobanc], believes it is inadmissible for provisions to be placed on credit institutions due to a risk of money laundering.

The banking sector has received the measure, which the Banking Superintendency [Superbancaria] has announced and which is scheduled to become official in a few days, with surprise, because it will upset the balance of the banking system.

Banking Superintendent Maria Luisa Chiappe has disclosed that the superintendency is studying the possibility of demanding that institutions that are not properly protected against money laundering establish provisions to compensate for that risk.

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The amount the system would have to keep in reserve has not been established. Moreover, in the next few days a pamphlet will be distributed specifying the method used to detect suspicious operations. Emphasis will be placed on identifying clients.

Gonzalez Munoz believes Superbancaria has more drastic control measures, including criminal charges against officials involved in these acts, that would be more compelling than the provisions being planned.

Progress Has Been Made

The Asobanc president has said the financial system has made greater advances in controlling money laundering than the state and has recalled that the struggle against money laundering should be a task coordinated between credit institutions, the state, and other sectors of the economy.

Gonzalez Munoz has recalled that the Special Unit Against the Laundering of Assets of the Prosecutor General's Office is just now being created and that Superbancaria is just now implementing the System To Prevent Money Laundering.

"The financial system is making every effort to fight money laundering, but this task is one it cannot perform by itself, because it needs the cooperation of the appropriate agencies. This issue is not one of laxity, immorality, or crime; it is a more complex issue involving great, technical advances," Gonzalez Munoz has said.

Gonzalez Munoz has said legal norms, such as codes of conduct and the obligation to report all suspicious operation to the Prosecutor General's Office, already exist.

He reiterated his disagreement with the accusations of the comptroller general of the Republic by saying that the comptroller general overstepped his authority when he tried to assume the powers of other government control agencies.

Colombia: Officials Describe New Counternarcotics Center

PA1905231496 Santa Fe de Bogota EL TIEMPO in Spanish 18 May 96

[Received via Internet]

[FBIS Translated Text] Mariquita (Tolima Department) — The police's modern counternarcotics base located in Mariquita, Tolima Department, will become a center for training all pilots fighting drug trafficking in Latin America.

National Police Director General Rosso Jose Serrano Cadena and National Counternarcotics Director Colonel Leonardo Gallego yesterday inspected the operations center's facilities and affirmed that this is the beginning of "regional integration" in combating drug trafficking.

"This base will allow us to train Colombian police and pilots from other nations, principally in the Andean region, to combat drug trafficking more effectively," Serrano said.

According to Serrano, "Mariquita is located in the heart of the country, and that allows us to reach any area of conflict quickly."

Colonel Gallego said: "This base will become the center for jungle training and for training policemen devoted to eradicating illegal crops, destroying narcotics-producing laboratories and clandestine airstrips, and combating other forms of drug trafficking."

Gallego added: "The new base is strategic and will guarantee us control over drug trafficking routes between North and South America. Moreover, it will help us strengthen the central and southern areas of the country, sever the ties between drug traffickers in the area, and destroy a greater number of drug crops and laboratories."

The center of operations, considered by Serrano as "the only one of its kind," is manned by 120 people under the command of Major Fernando Estrada.

According to Estrada, police pilots have been trained at the base, as have Army and Armed Forces officers, and even Panamanian policemen.

The base has approximately 20 aircraft, including airplanes and helicopters, used for training personnel, fumigating drug crops, and transporting troops to difficult-to-reach places on mountains or in jungles.

The base also has an airstrip, a platform for Turbo Trush and Commander airplanes, five heliports, an area for parking airplanes, hangars, equipment storage rooms, a training field, administrative offices, and two fuel stations, including one with a 20,000-gallon-capacity tank and another with a 10,000-gallon-capacity tank.

For the officers's and soldiers's comfort, the camp has a modern kitchen, main dinning room, two annexes for housing, and construction of a multiple-sports facility will soon be finished.

The history of the base, which today has become a reality, began in 1990 when General Serrano was the police counternarcotics director.

"I dreamed of constructing an international training base, because Colombia, due to its varied geography

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and special characteristics in the Andean area, was the appropriate country for a project such as this," Serrano said.

That is why Serrano presented the project to the U.S. Government. After a number of feasibility studies, the U.S. Government decided to fund the project. Colombia provided the land, and the United States financed the construction of the base.

Colombia: Congressman Promotes Drug Legalization

96GE0024A Santa Fe de Bogota EL TIEMPO in Spanish 17 May 96

[Received via Internet]

[FBIS Translated Text] Representative Carlos Alonso Lucio (Independent-Bogota) is promoting a bill based on a popular proposal aimed at legalizing the cultivation, production, distribution, and consumption of marijuana, cocaine, heroin, and other psychotropic substances causing psychological or physical dependence.

The proposal, consisting of 39 articles thus far, requires the backing of at least 800,000 signatures, as specified by law.

In his explanatory statement, Lucio claims that the purpose of the bill is to put an end to the war and the stigmatization inflicted by the scourge of drugs on the country, both externally and internally.

To probe further into the issue, EL TIEMPO attempted to contact the representative, but he was out of the country.

The bill, intended to amend substantial sections of Law 30 of 1986 (Statute on Narcotics), creates the national commission to resolve the drug trafficking problem. It would have, among other functions, that of regulating all matters relating to the cultivation, production, and distribution of narcotics.

According to the bill, the growing of marijuana, coca, and poppies would be permitted in Colombia, based on requirements previously established by the government.

The production and distribution of narcotics, an activity that would come under the state's exclusive jurisdiction, would be legal as well.

The treatment and rehabilitation of addicts would be incumbent on the state which, according to Lucio's bill, also would be obliged to supply the personal doses required by drug consumers, free of charge.

Occasional users of psychoactive drugs could acquire any of the aforementioned substances at sites duly authorized by law.

The promoter of the proposal claims in the text that this type of regulation might even be stigmatized by society, but cautioned that, in his view, it is a necessity, to "destroy the most lucrative, and also the most corrupting and savage business in the world. Furthermore, it is needed to eliminate the moralistic persecution seeking to reinstate the image of unjust, dubious systems, already exhausted by the double standard."

The bill contains a chapter devoted to the penalties for those who fail to comply with the stipulations of the ruling. For example, it states that anyone who exceeds the parameters set for the growing of coca or marijuana will have his crops destroyed, and his right to own the property will be declared nullified.

It also calls for prison sentences of between five and 10 years for persons who sell, supply, or make psychoactive substances available to minors.

Similarly, the proposal prohibits any type of advertising that would encourage the consumption of cocaine, marijuana, poppies, or any other type of narcotic.

Ecuador

Ecuador: Nebot, Bucaram Begin Campaigns To Gain Votes

PY2105231596 Madrid EFE in Spanish 1709 GMT 21 May 96

[FBIS Translated Text] Quito, 21 May (EFE) — Jaime Nebot and Abdala Bucaram, who will dispute the Presidency of the Republic in a runoff, are conducting intensive campaigns to attract the Ecuadoreans' vote and to achieve party alliances.

Federico Davalos of the Social Christian Party (PSC), deputy director of Nebot's campaign, said today: "We have begun contacts with mid-level leaders, with neighborhood and union leaders, but we are mainly addressing the civilian society."

He urged the Ecuadoreans to be united around the candidacy of Jaime Nebot to achieve a "conglomerate of forces" that will allow this candidate to defeat his opponent Abdala Bucaram of the Ecuadoran Roldosist Party in the runoff election.

"More than the PSC, we are an Ecuadoran banner that has sheltered the independents and even people who on other occasions have been our adversaries," Davalos said after stating that Nebot's candidacy is committed to the youth.

He urged the Ecuadoreans not to accept "Bucaram's sentimentalist message, because it is good to be a heartfelt follower, but one must also be prudent and

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must meditate on the vote, for Ecuador cannot spend another four-year period under conditions worse than those prevailing at present."

Referring to Bucaram, who is trying to reach the Presidency of the Republic for the third time, one time less than Nebot, Davalos said that the future "is not in the hands of people who are not prepared to govern."

According to the latest unofficial data provided to EFE by polling companies, Nebot achieved the first place in the elections with 27.4 percent of the votes, followed by Bucaram with 25.5 percent.

Less than 24 hours after learning about his right to dispute a runoff election, Nebot began a campaign in the mountainous provinces, where, through the split of the vote, he defeated the central left, traditionally supported by inhabitants of that zone.

In an interview with "Radio Quito," Davalos said that Nebot's campaign in the mountainous region will focus on the Ecuadoran capital, because "it has a multiplying effect in the region," but that he will not disregard the voters of the coastal area, where he had an overwhelming victory in the 19 May elections.

"It is not easy" to defeat Bucaram because he "uses demagogy to the extreme," Davalos said. He added that Nebot "will by no means provide a circus show to the people," but will face his opponent in serious debates, with clearly established rules of the game.

Moreover, Rosalia Arteaga, candidate for the Vice Presidency running with Abdala Bucaram, expressed her "concern" over the level of violence that could be reached in the runoff election campaign, which began with insults between the presidential hopefuls.

"We are absolutely certain that we will win because we can unite the population and we have made a call to the center-left, which has replied very effectively at the upper and lower ends of the spectrum among voters," Arteaga said. Together with Rosana Vinueza, of the New Country Movement, Arteaga inaugurated women's participation in the elections as vice presidential candidates.

Arteaga added: "We are holding talks (with leaders) and we will make the results known in due time." She refused, however, to reveal the contacts that have been made so far.

Arteaga said that Bucaram will not be "authoritarian" should he win the elections, because "it is not a matter of imposing ideas but of reaching agreements for the good of the nation."

We are offering an option of change and the people must decide for the better, to extricate ourselves from the crisis, in the 7 July elections, when current Ecuadoran President Sixto Duran-Ballen's successor will be designated, Arteaga concluded.

Ecuador: Nebot To File Charges Against Electoral Court

PY2105204296 Quito Voz de Los Andes in Spanish 1700 GMT 21 May 96

[FBIS Translated Text] Presidential candidate Jaime Nebot, of the Social Christian Party, has announced that his party will file charges against Carlos Pardo Montiel, president of the Supreme Electoral Board [TSE], over irregularities detected during the general elections on 19 May.

Nebot, who resumed his electoral campaign with a tour to promote his candidacy for the 7 July runoff, said the electoral process was nothing but organized chaos with marked and torn ballots, and ballots that were bought by some provinces.

Nebot said TSE President Pardo Montiel has a corrupt background. He added that before the elections he pointed this out to the OAS observers. Several candidates and personalities reported irregularities in the elections, such as the lack of ballots to vote for some candidates, and changed names and pictures. The TSE reported that the elections were suspended in three cantons and some provinces because polling stations ran out of ballots. The board will have to decide where elections must be held again.

TSE President Pardo Montiel said: We know we organized the best elections ever in Ecuador, we took all precautions to prevent fraud, and we regret it if someone is annoyed. After admitting some irregularities, Pardo Montiel said minor faults are being blown out of proportion because, he said, the results of the elections cannot be stained. He said the charges are exaggerations by politicians who lost and who now seek to spread lies. He said the international observers must comment on the process.

Congressmen, and provincial and municipal officials were elected in Sunday's elections but none of the presidential candidates obtained enough votes to become president. Jaime Nebot and Abdala Bucaram will be in the runoff. They have resumed their electoral campaign throughout the country.

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Ecuador: Police Alert Court President of Death Threat

PY2005161696 Madrid EFE in Spanish 0020 GMT 18 May 96

[FBIS Translated Text] Quito, 17 May (EFE) — A Supreme Court (CJS) source has reported that the Ecuadoran Police today warned CSJ President Carlos Solorzano of a planned attack on his life.

The source told EFE: "We want the people to know about this threat" against the country's highest judicial authority who is handling important cases like the discretionary funds case against ex-Vice President Alberto Dahik, against whom Solorzano ordered an arrest warrant and his extradition.

The CSJ press communique said that the "CSJ Presidency received a telephone call from the Central Police Radio Patrol Center." The communique states that the police received two telephone calls about an attack against Solorzano.

National Police press official Manuel Sarmiento told EFE: "An anonymous threatening call against the CSJ president was received." He added: "His personal security was reinforced."

Four months ago the police provided Solorzano with a special police escort after threatening calls against him were received.

Today the police found an object that looked like an explosive device at the Machalla Court building. It was found after a bomb threat call was received.

Paraguay

Paraguay: VP Confirms Oviedo's 'Insubordination'

PY1705021696 Asuncion ABC COLOR in Spanish 16 May 96 p 7

[FBIS Translated Text] Republic Vice President Angel Roberto Seifart confirmed yesterday that General Lino Oviedo, retired, committed an act of insubordination during the latest civilian-military crisis. Seifart also pointed out that on that occasion, he came across a commando group that chased him, apparently with the goal of killing him.

Seifart noted that he is not convinced that Lino Oviedo could end up in jail. Nevertheless, he announced that to ensure a proper investigation, the incidents that occurred during the latest civilian-military crisis come under military jurisdiction. Seifart also pointed out that the appropriate court proceedings are being implemented at a slow pace.

The vice president emphasized that in keeping with information supplied to him by people close to former Gen. Oviedo, some people wanted to kill him on the evening hours of the civilian-military crisis. He noted that a commando group wanted him at the vice presidential office.

Asked whether he had considered the possibility of resigning at any given time, Seifart indicated: "I am very attached to this post for resigning. It would have cost him (Oviedo) a great effort. Perhaps this is why it is being alleged that these people wanted to kill me."

Concerning President Juan Carlos Wasmosy's latest remarks at the Cavalry [First Corps headquarters], harshly criticizing congressmen, Seifart said that these remarks are the president's personal remarks. The vice president ultimately noted: "He surely knows why he made them."

Paraguay: Military Court To Try Former Gen. Oviedo

PY2105171396 Asuncion NOTICIAS in Spanish 21 May 96 pp 4, 5

[FBIS Translated Text] The Armed Forces commanders, after long and arduous negotiations, have decided not to convene a special court to hear the case of General Lino Cesar Oviedo, but to conduct an inquiry through military justice, in accordance with a decision of the commander in chief.

Official Armed Forces sources made the announcement on 20 May. The Military Forces Communications Directorate reported that the idea to convene a special court had been dropped, and that the military justice, through the appropriate court of inquiry, has started the summary investigation of the case on its own right.

"The president of the Supreme Military Court said that following an application sent to the commander in chief requesting authorization to open an investigation into the events that developed as of 22 April of this year, he ordered an investigation by the military justice. The appropriate court of inquiry started the summary of the case," the report says.

This step was taken following a decision by the commander in chief that was remitted to Supreme Military Court President Fausto Facetti, who immediately ordered the opening on an inquiry.

According to professionals in military affairs, this step had to be taken at the very beginning.

General Fausto Facetti, president of the Supreme Military Court, should have ordered an inquiry to the lower military court and this court should have ordered the immediate arrest of those indicted.

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In this context, the Military Penal Proceedings Code is clear. The relevant dispositions are included in the chapter explaining the function of trial judges who must start an investigation into a crime or military violation.

Article 41 says: "Penal investigations into crimes and military violations will always be public and courts will be empowered to start an inquiry automatically."

Article 42 explains that summary inquiries will be handled by trial judges, adding that these inquiries must conclude in 20 days."

Article 43 explains that a lower court judge will hear the case and make a definitive decision. The judge will hear the testimony of the person accused of committing the crime and of witnesses, if he deems it necessary.

Article 44 says that the trial judge will start a summary inquiry as soon as he receives the report on the case. He is empowered to request the arrest of the person indicted in the case, if warranted, and will collect all indications or circumstances surrounding it, specifying time and place."

Paraguay: New Justice, Labor Vice Ministers Installed

PY1805022396 Asuncion ULTIMA HORA in Spanish 17 May 96 p 13

[FBIS Translated Excerpt] At the Justice and Labor Ministry, Arnado Gimenez Cabral and Carlos Gonzalez Gaona were installed this morning as justice and labor vice ministers, respectively. They replace Rafael Caballero and Elizardo Bobadilla Cataldi, who occupied these posts during the administration of former Justice and Labor Minister Juan Manuel Morales. [passage omitted]

Paraguay: New Colorado Party President Addresses Citizens

PY1705014096 Asuncion ULTIMA HORA in Spanish 10 May 96 pp 4, 5

[FBIS Translated Text] In his first speech as Colorado Party executive board president, Luis Maria Argana said that the main concern of Colorado Party political leaders must be to "transform the unjust society we have today into a just society for all citizens of the Republic."

Argana said: "Today there is an obvious lack of knowledge of what the Colorado Party doctrine stands for. The truth is that our great concerns are Paraguayan men, woman, and youngsters who does not have work. We will work to change that."

He added: "We must assume our commitments seriously. This is a rather dramatic moment for the Colorado Party executive board. We must handle the realities of people, the reality of the Paraguayan people who are enduring a moment of crisis, a difficult time."

The Colorado leader said: "This is why I call on all Paraguayans to rebuilt our fatherland, brick by brick, to ensure a better, more prosperous nation for future generations than the one we received."

Argana emphasized: "The unity we have just achieved, not through a conspiratorial leadership agreement, but through the sovereign expression of people's will, speaks of a larger and more important unity, the possible national unity of all Paraguayans."

Luis Maria Argana, new Colorado Party executive board president, made a fervent call to all social sectors to implement a project of national unity in order to overcome the social and economic crisis in the country. Last night the Party Electoral Tribunal (TEP) officially proclaimed him the winner of the party internal election.

During his speech, in a conciliatory tone, he ratified his willingness to support President Juan Carlos Wasmosy's government "to save the Republic of Paraguay," and demanded a similar commitment of cooperation from the president.

Argana invited Angel Roberto Seifart [his main political adversary in the election] "to join him in a grand Republican embrace" as a symbol of all Colorados' unity, which will be the goal of his administration.

Eugenio Sanabria Cantero, former ANR [National Republican Association - Colorado Party] president, gave a detailed report of his administration and the financial situation of the party. He was jeered at when he announced that the party had debts with the BNT [National Workers Bank] amounting to 450 million guaranies and that the money was used to pay TEP administrative costs.

Diogenes Martinez was another leader who was jeered by those present, most of them Argana followers. The crowd expressed its disapproval when Pedro Hugo Pena confirmed that Martinez was elected member of the executive board.

The new party leadership then had its first session, where the executive board was elected. The new members confirmed the nomination of Juan Bautista Ybanez, Juan Carlos Galaverna, and Bader Rachid Lichi as ANR vice presidents, as it was agreed in previous negotiations. The members also confirmed Juan Ernesto Villamayor, Juan Jose Vazquez, and Juan Roque Galeano as political secretaries. The plenum then elected a new Electoral Commission and an Executive Committee to insure the registration of the largest possible number of Colorado Party followers into the national electoral

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registry. Finally, the plenum decided to meet every Wednesday at 1700.

Paraguay: ANR Head Urges End to 'Governability Pact'

PY1805022596 Asuncion ABC COLOR in Spanish 16 May 96 p 11

[Report by special correspondent Antonio Caballero in Yuty]

[FBIS Translated Excerpt] Luis Maria Argana, National Republican Association [ANR] executive committee chairman, has asked President Juan Carlos Wasmosy to give up his governability pact with the opposition. Argana said the ANR would support the executive branch as long as it fulfills the "Colorado Party doctrine."

During a political rally in Yuty, Argana confirmed that the Colorado Reconciliation Movement had entered a commitment with the administration of President Juan Carlos Wasmosy. Argana noted that the president committed himself to fulfill the "Colorado Party doctrine" and that, in exchange, the Colorado executive committee would institutionally support him.

Argana expressed: "There is a bilateral agreement with the government. President Wasmosy must fulfill and respect the Colorado doctrine. As long as he fulfills the Colorado doctrine, the Colorado executive committee will support him."

Argana emphasized that the main condition he imposed on the president to achieve this alliance involved asking Wasmosy to give up the governability pact with the opposition. [passage omitted]

Paraguay: USTR Said To Place Nation Under 'Observation'

PY1805022196 Asuncion ABC COLOR in Spanish 15 May 96 p 15

[FBIS Translated Text] The U.S. trade representative [USTR] has announced the U.S. Government decision to include various countries in four degrees of warning and sanction over intellectual property rights. Industry and Commerce Minister Ubaldo Scavone reported during a news conference yesterday that our country has been placed on "the list of observation."

The minister said that our country could have been sanctioned had we being included in the "list of priority observation" where "we would have been had we not moved energetically to show them the fight we are carrying out in Paraguay."

Scavone said it has been clearly established that our country has finished preparing a package of three laws in this area: A bill on intellectual property, a bill on trademarks, and a bill on patents which are receiving the final touches before they are sent to Congress.

The report state that Paraguay continues to be involved in piracy, particularly the falsification of videos and entertainment software, in pirate production centers at the border with Argentina and Brazil. On top of this, falsified products coming from the People's Republic of China pass in transit through the country and are reexported to other South American countries.

The report also says that Paraguay needs to urgently implement actions to fight the crime of piracy.

According to the degree of protection on intellectual property rights, the U.S. Commerce Department places "priority countries" first. In this group are countries with the most grave acts, policies, and practices that have a great negative impact (current and potential) on U.S. commerce. The only country on this list is The People's Republic of China.

The second category is the "list of priority observation." In this category are countries that lack adequate protection for intellectual property rights and are of special interest to the United States which places them under constant observation. This list includes Argentina, EU, Greece, India, Indonesia, Japan, Korea, and Turkey.

Our country was placed in the "list of observation" which includes nations that are being monitored for their progress in the implementation of their regimes on intellectual property rights. Also on this list are Australia, Saudi Arabia, Bahrain, Brazil, Canada, Chile, Colombia, Costa Rica, Ecuador, Egypt, El Salvador, Arab Emirates, Philippines, Guatemala, Italy, Kuwait, Oman, Pakistan, Peru, Poland, Russia, Singapore, Thailand, and Venezuela. The final list, called "other observations," includes countries which are warned by the United States for their involvement in the crime of piracy. Included in this list are Qatar, Lebanon, Nicaragua, and Dominican Republic.

Paraguay: Military Hosts Dinner for Politicians

PY2005175096 Asuncion ABC COLOR in Spanish 14 May 96 p 3

[FBIS Translated Text] Lawmakers, politicians, diplomats, and the entire top brass of the Paraguayan Armed Forces attended a dinner that the military hosted on the 13th floor of the Guarani Hotel in Asuncion.

The military men apparently decided to host this gathering to further the rapprochement with civilian society,

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underscore their respect for the institutional order and the Constitution, and clearly convey their support for the current administration.

This dinner came in the wake of several "working breakfasts" that President Juan Carlos Wasmosy attended at military units headquartered in Asuncion and its suburbs.

Army Commander Gen Oscar Rodrigo Diaz Delmas; Air Force Commander General Cesar Rafael Cramer; Navy Commander Vice Admiral Guillermo Lopez Moreira; Senate President Milciades Rafael Casabianca; Luis Guanes Gondra, one of the leaders of the Authentic Radical Liberal Party; Brazilian Navy Minister Admiral Mauro Cesar Rodriguez Pereira; and many others attended the dinner. The Paraguayan Government will decorate Adm. Rodriguez Pereira on 14 May.

This unusual gathering of key representatives of Paraguayan government and power circles took place under special circumstances, soon after the civilian-military crisis unleashed by General Lino Oviedo — now retired — who refused to obey the orders of President Juan Carlos Wasmosy, his commander in chief.

Meanwhile, President Wasmosy hosted diplomats accredited in Paraguay to a lunch at Mburuvicha Roga, the presidential residence, on 13 May. Although the reasons for this gathering have not been officially reported, reliable Government House sources indicated that the chief executive conveyed to the diplomats his gratitude for the international support he received during the latest civilian-military crisis.

Cabinet members and a few ruling-party leaders attended the luncheon with the diplomats.

The crisis unleashed by the sedition of Gen. Oviedo Silva, retired, aroused unanimous international reaction against the coupist attitude of the Paraguayan general. Diplomatic representatives of Paraguay's partners in the Common Market of the South and the U.S. and OAS diplomats were actively involved as middlemen in that conflict.

Paraguay: President Views Mercosur Integration

PY2005195396 Asuncion ULTIMA HORA in Spanish 18 May 96 p 11

[FBIS Translated Text] President Juan Carlos Wasmosy understands that the only way to resolve the conflict derived from restrictions on textile imports imposed by Fernando Henrique Cardoso's government against Uruguay is consensus and dialogue among the Mercosur [Common Market of the South] members. Wasmosy took advantage of this tour of the regional bloc — which included trips to Brasilia, Buenos Aires, and Montevideo — to thank the respective presidents for their support to Paraguayan democracy during the recent military crisis. Wasmosy talked with his counterparts Fernando Cardoso (Brazil), Carlos Menem (Argentina), and Julio M. Sanguinetti (Uruguay) about commercial problems existing between the four neighboring nations. The Paraguayan head of state told River Plate journalists that the commercial barriers now hindering trade between two Mercosur partners are normal in a process of integration. He added that these cases will continue to appear.

The president said: "These are normal problems. We will continue to see them until we create the supranational entities to legislate and decide on this type of case. We must not be pessimistic because we have made a lot of progress."

During a news conference at the Foreign Ministry, Paraguayan Foreign Minister Ruben Melgarejo Lanzoni said last night: "In accordance with the spirit of the treaty, we want to seek consensus because we are looking for everyone's participation." The Paraguayan president mentioned, as an example, the problems that persist among EU members. He said that if we take this group as an example we realize that we have made a lot of progress. Wasmosy said he hopes during the next Mercosur summit in Buenos Aires on 25 June there will be an agreement on a free trade zone between Mercosur and Chile. These meetings are held every six months. It is known that Uruguay threatened not to attend the meeting unless Brazil reviewed the protectionist measure that affects Uruguay's clothing industry.

While in Argentina, the head of state — in an attempt to be funny — put his foot in it. Asked if there was still institutional unrest in our country, Wasmosy answered: "The only coup possible in Paraguay is one organized by journalists."

Paraguay: Iraqi Currency Seized at Airport; Probe Ordered

PY2105190796 Asuncion ABC COLOR in Spanish 14 May 96 p 84

[FBIS Translated Excerpt] Spanish citizens Juan Puentes and Lazaro Pereira are the owners of 6 million Iraqi dinars (equivalent to $11,500) that was brought from the Bank of Jordan to Asuncion.

A judge ordered that the money be deposited at the National Civil Aeronautics Directorate and that the Central Bank be asked if the bills are legal tender. He also instructed the police to investigate the transaction. The two men involved will testify in court today. [passage omitted]

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Judge Bogarin yesterday ordered that the Central Bank must confirm if the money is no longer legal tender as indicated by the Spaniards. If not, the bank must state their dollar value.

Bogarin also gave the police a sample bill from each of the 16 bags and ordered the Spaniards to testify today.

The Spaniards came on the same flight that brought the Iraqi money. The two men are staying at the Hotel Premier.

Three women, one of them also reportedly an owner of the money and two younger ones were waiting for the cargo.

The bills, which bear a likeness of Saddam Husayn, are worth 6 million dinars (equivalent to $11,500 if the bills are out of circulation and $30,000 if they are in use) and arrived in 16 bags. [passage omitted]

[Asuncion ABC COLOR in Spanish on 18 May, page 28, states: "The police confirmed yesterday that the Iraqi bills seized on 11 May at the Silvio Pettirossi International Airport are legal tender and not out of circulation as stated by the owners. Agents of the Documents Section of the Police Crime Investigation Department have a manual of the Iraqi Central Bank which shows the dinars have been in circulation since 1994.

["Spaniards Lazaro Pereira and Juan Puentes, who brought the money from Jordan, said the bills were only for collection. The police report indicates the money is legal tender and that Brazilians use them to buy oil."]

Peru

Peru: Terrorist Attack Damages Municipal Building in Lima

PY2105143196 Lima LA REPUBLICA in Spanish 20 May 96 p 18

[FBIS Translated Excerpt] A group of terrorists perpetrated a bomb attack on a municipal facility in Lima district causing considerable material damages. The police arrested a 20-year old girl allegedly involved in the attack.

Eyewitnesses said that two men and one woman threw several dynamite sticks against the Human Settlements General Directorate on 273 Ramon Herrera Streets.

This is the third time terrorist groups attack this same building. The previous attacks took place in August and December 1995. [passage omitted]

The explosions, a total of three, destroyed the window panes, tore off the inside doors and cracked the brick walls of the huge building. [passage omitted]

According to the National Police Explosives Brigade, the terrorists used at least two kg. of pure dynamite to perpetrate the attack.

Agents of the Emergency Squadron patrol car arrested student Sofia Atalaya Marin, 20, as she was running away from the municipal premise. [passage omitted]

Peru: President on Conclusion of Brady Plan 'Term Sheet'

PY2005182796 Lima Radio Programas del Peru Network in Spanish 1700 GMT 20 May 96

[FBIS Translated Text] President Alberto Fujimori announced today in New York the conclusion of a "term sheet" of the Brady Plan which establishes the conditions for the rescheduling of the Peruvian debt with the commercial banks, including delinquent interest.

During a news conference, President Fujimori announced this first and important step for the normalization of the Peruvian relations with the international financial community, especially with the commercial banks to which Peru owes $10 billion. This may be reduced by 50 percent through the Brady Plan.

The "term sheet" will be submitted to close study by 200 creditor banks and the definitive agreement will then be signed to reschedule the Peruvian debt.

The Brady Plan is a refinancing plan of 20 to 30 years on the foreign debt with the commercial banks. In the case of Peru, the country will receive a discount of 45 percent and a discount from 25 to 30 percent on unpaid interests.

The signing of the Brady Plan will mean the reduction of the debt payment to manageable levels if they do not exceed $200 to $300 million annually.

Peru: Draft of Letter of Intent for IMF Released

PY2105171596 Lima EL COMERCIO in Spanish 11 May 96 p E1

[FBIS Translated Text] The draft of the letter of intent the government will sign with the IMF will establish within the objectives of the medium-term economic program an inflation rate from 9.5 to 11.5 percent for this year, which will gradually drop to the level of the industrialized countries by 1998.

The objective is also to have a real Growth Domestic Product (GDP) from 3 to 4.5 percent in 1996, a percentage that will be increased to more than 6 percent in 1998. Also the goal is to continue to increase the net international reserves of the Central Bank.

The government will continue to make efforts to help reduce extreme poverty by increasing spending on

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education and health, and improving the programs that protect the poorest sectors of the population. In order to complement this effort, the economic program includes a framework for an agreement on the debt with the external creditors that is consistent with the efforts to project the country abroad.

The draft also includes a projection of total investment of 25.5 percent of the GDP in 1998, on the basis of large private investments in mining and energy.

In the 1995-1998 period, national savings is projected to grow from 16.5 to 20.5 percent of the GDP, and two thirds of this increase will come from the public sector. The use of external savings will be reduced from 7.2 percent of the GDP in 1995 to 5 percent of the GDP in 1998.

In this regard, the government will continue to implement policies to improve public savings and to release resources for investments of the private sector. It is projected that the economic result of the consolidated public sector (before income for privatization) will improve from a deficit of 2.6 percent of the GDP in 1995 to a level close to 0 percent in 1998.

The primary fiscal surplus will increase from 0.3 to 2 percent of the GDP in 1998. The draft of the letter of intent points out that the increase in public financing will be based on a greater strengthening of the tax administration and a reduction of spending in proportion to the GDP, reflecting great efficiency in public services.

This year, the consolidated deficit of the public sector will be reduced to 1.3 percent of the GDP, which will be consistent with a primary surplus of 1.0 percent of the GDP. This year, the fiscal objectives of the program will be supervised on the basis of quarterly ceilings fixed on the level of the net internal financing of the consolidated public sector.

The normal income of the central government (taxes) is projected to increase from 14.1 percent in 1996 to 14.4 percent of the GDP in 1998. This year, the regular income will increase due to the greater collection of income tax because of the high profits registered by companies in 1995.

The income collection for the sale of oil by-products, including the contribution of Petro-Peru (State Petroleum Agency), will be maintained in real terms.

The letter of intent also says that this year, the National Tax Administration Superintendency, Sunat, and the National Customs Administration Superintendency, Sunad, will concentrate their efforts on increasing fiscal collection.

With this purpose, the number of taxpayers will be increased from 8,541 to 9,500 companies by the end of this June, and starting this month a program for double checking the tax payments of main companies, their main suppliers, and clients will be implemented. This information will be used to strengthen tax control actions and to increase tax collection.

Measures will also be implemented to increase the auditing of taxpayers and the legal actions against tax evaders, including the publication of the list of tax delinquents. The coordination between Sunat and Sunad will also be improved through the exchange of information. The Sunat will implement a system by which part of the general sales tax will be withheld.

The draft of the letter of intent also says measures were implemented last April to prevent tax evasion and that the prison sentences for tax crimes are increased from six to 12 years in prison.

Peru: Defense Minister Views Alleged FAP Drug Shipment

PY2105153796 Lima LA REPUBLICA in Spanish 18 May 96 p 6

[FBIS Translated Text] Defense Minister General Tomas Castillo Meza informed the Congressional Supervision Committee that eight more noncommissioned officers have been arrested and included in the investigations into the case of a shipment of drugs that was going to be transported abroad by a FAP [Peruvian Air Force] aircraft.

In a confusing manner Castillo explained why the arrest of the aircraft crew members had not been ordered. He explained that they do not belong to Air Group No. 8 and that they only report to the base two hours before taking off.

However, he contradicted himself when trying to explain the whereabouts of aircraft commander Colonel Oscar Salinas Ortega, who travelled to Russia 48 hours after the clandestine shipment was found.

Castillo told the congressional committee that Salinas Ortega was travelling but he then told the media that he had already returned to the country.

As he announced that eight more noncommissioned officers have been arrested and included in the investigation being carried out by the attorney general's office, he said he thought that measure had been taken because one of the arrested involved the other noncommissioned officers in the case.

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So far only noncommissioned officers have been arrested because the officers have only been placed at the authorities' disposal.

He also disclosed that 330 Army members, 10 Navy members, and 8 FAP members are being tried for drug trafficking.

The minister's report triggered protests by opposition legislators who commented that a shipment of drugs worth $20 million can hardly be handled by a group of noncommissioned officers.

Gustavo Mohme and Anel Townsend (UPP [Union for Peru Movement]), Ernesto Gamarra (FIM [Independent Moralization Front]), Javier Diez Canseco (IU [United Left]), Jorge del Castillo and Agustin Mantilla (APRA [American Popular Revolutionary Alliance]), Manuel Lajo (Obras [Obras Civic Movement]), Jose Barba and Enrique Pulgar (CODE [Democratic Coordinating Group]) wondered how it is that only noncommissioned officers are included in the case while the aircraft commander is allowed to travel abroad.

Mohme said that one thing is to investigate the crew members of the DC8-62F aircraft and another the links trafficking has with the armed institutions and demanded the reactivation of the Congressional working group for drug trafficking.

Gamarra asked why a trip to Santa Cruz (Bolivia), a zone linked to drug trafficking, had been authorized if the purpose of the trips abroad was to renovate the aircraft.

Diez Canseco asked Gen. Castillo about the trip abroad by the aircraft commander, the only member of the crew authorized to allow the entry to the aircraft. He noted that Col. Salinas travelled 48 hours after the drug was found.

Lajo asked why the National Intelligence Service (SIN) had not detected the operation earlier on and whether there was any suspicion that the organization headed by Vladimiro Montesinos is infiltrated by drug trafficking.

Del Castillo said that a shipment estimated in $20 million can only be handled by a mafia with links with the FAP high command and expressed his doubts over the results of the investigations being carried out by the attorney general's office.

Gen. Castillo Meza denied that the aircraft had been used for President Alberto Fujimori's routine trips and added that it was only used to transport the presidential retinue on trips that included more than 60 people.

During his address, the minister amended his first version by stating that the discovery of cocaine hydrochloride was the result of a routine inspection and said that it was the result of a phone call received on 6 May.

Castillo Meza said that the head of the Air Wing No. 2, FAP Gen. Pedro Palomino, had been informed about the phone call and had ordered a permanent watch on the aircraft and had taken three days to plan its inspection.

The inspection finally took place on 10 May, under Palomino's orders with the help of guards who found the drug behind the planks of the rear cargo compartment where they found six black packets and one cardboard box containing cocaine hydrochloride.

The minister said that the group of officers were not arrested by representatives of the Callao prosecutor's office probably because the crew members had orders to report only two hours before taking off and did not belong to the Air Group.

He said Salinas was a good, experienced pilot [passage indistinct].

Peru: Special Courts To Handle Trafficking Cases Created

PY2105214496 Lima EXPRESO in Spanish 18 May 96 p A13

[FBIS Translated Excerpt] The Judicial Branch Executive Commission has created a Supreme Court of Justice specialized in drug trafficking cases. The court has jurisdiction at a nationwide level and is of a temporary nature.

Moreover, with the purpose of eliminating old practices of corruption, the Judicial Branch commission issued a resolution prohibiting the magistrates and court officers from maintaining any personal contact with the defendant and attorneys until the trial ends.

In the first place, the creation of a judicial district solely and exclusively devoted to cases of drug trafficking requires the appointment of a chief justice, court of appeals and judges that may go to any part of the country where required.

This Supreme Court of Justice will be headquartered in Lima but appellate courts and lower courts may be established in any judicial district if necessary. The chief justice of this specialized and temporary court will exercise this post for two years.

These courts will hear cases of drug trafficking and other related crimes and will be in charge of the application of prison benefits regulated by law.

Special emphasis is placed on the new procedure of an early closure of cases that, in certain cases, implies the reduction of the sentence in exchange for a true

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cooperation with the authorities investigating cases of drug trafficking.

The judges, officers and clerks of the Antidrugs Court will be appointed by the Judicial Branch Executive Secretariat for a two-year period. A reliable source commented that "the most capable and honest people will be elected."

A commission headed by Lima Court head justice Marcos Ibazeta Marino, who is implementing a "clean hands" program to make the administration of justice more efficient and effective, will be in charge of coordinating the establishment of the Antidrugs Court.

Moreover, the administrative resolution to be published in the official gazette EL PERUANO establishes that the court magistrates and officers are banned from privately interviewing the defendants and their attorneys, either in their offices or outside the court, to avoid breaking the equality principle.

The source explained that "usually some court secretaries and judges only listen to one of the parties and then issue partial rulings. The purpose is to eliminate situations that allow for acts of corruption."

Failure to fulfill this regulation will be considered a serious crime and may lead to the suspension of the person guilty of doing so.

It was disclosed that another important innovation is the creation, as of 27 May, of a registry for the request by any of the parties of information on the status of the case. The purpose of this measure is to break the monopoly that judges and court secretaries have on the state information on the ongoing cases.

The judges will thus be forced to issue in writing all requests for information made by defendants and attorneys. A registry form was sent to all judicial districts in the country a few days ago.

Another measure that will be implemented in the next few days will be the creation of 9 to 10 criminal courts specialized in passing rulings in all those cases that have expired without a sentence.

These transitory courts are added to the criminal appellate courts that will be set up in the Lima prisons to expedite the trials of thousands of inmates whose juridical situation has still not been resolved by the Judicial Branch.

It was also disclosed that permanent teams of clerks will be established in the appellate courts, in compliance with the modern business trends that prevail in modern judicial systems, to prevent situations that may allow for acts of corruption. [passage omitted]

Peru: Prosecutor Reopens Case of Weapons Sold to Ecuador

PY2105204096 Lima EXPRESO in Spanish 21 May 96 p A6

[FBIS Translated Excerpt] Prosecutor Carlos Bringas Villar has ordered the reopening of an investigation into the case of Argentine weapons trafficking to Ecuador. The resolution was conveyed to Provincial Prosecutor Frecia Junchaya Vera, who last year pigeonholed the case, not having found anyone responsible.

The resolution issued by Bringas, head of the 10th Superior Criminal Prosecutor's Office in Lima, is in response to the consultation prepared by Prosecutor Junchaya regarding all actions carried out earlier to clarify the international operation.

The investigations began by the end of February 1995 after the public report released by the Argentine press on the air shipments of weapons toward Guayaquil, when Peruvian and Ecuadoran troops were fighting in the Cenepa River zone. [passage omitted]

Peru: Ecuador's Military Acquisitions Detailed

96SM0288A Lima EXPRESO in Spanish 6 May 96 p 4A

[Unattributed article: "Special Report: Ecuadoran Military Power"; first paragraph is editorial introduction]

[FBIS Translated Text] During the last few years, notwithstanding its self-proclaimed "commitment to pacifism," Ecuador has made numerous purchases of military equipment and has strengthened the three branches of its armed forces. Following is a list obtained by EXPRESO of the military equipment acquired by our northern neighbor.

Sources of Supply (1993-1994)

In 1994 Ecuador obtained military equipment from the following countries:

—Nicaragua (transported on Ecuadoran Navy Ship "Hualtaco") in 1994:

- 90 SAM-16 [Surface-to-Air Missiles] from Great Britain
- 30 SAM-16 Missile Launchers
- One SAM-16 Missile Simulator
- 14.5 mm antiaircraft machineguns: 48 ZPN Model 2, 80 ZPN Model 1
- 662,000 rounds of machinegun ammunition
- Complete module of combat-ready ammunition
- LC Multiple, BM-21, 122 mm launchers mounted on 12 armored cars as follows: 2,880 BM-21

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rockets and 108 RPG [Rocket-Propelled Grenades] Model 7V
- 60 T-55 Tanks
- 116 "ZIL" transport trucks
- 6,489 RPG grenades
- 6 MI-17 helicopters.

—Great Britain:

- Airplane spare parts
- Radar equipment
- "Blowpipe" missiles
- Missile launchers
- 1 "Leander" Class missile launching frigate.

—Germany:

- 129,000 HK caliber 5.56 mm rifles.

—Israel:

- 10,000 Galil caliber 5.56 mm rifles
- AP [antipersonnel] and AT [antitank] mines
- 81 mm mortars.

—China:

- In June 1994 Brig Gen (Ret) Jose Gallardo Roman, minister of defense, obtained the following military equipment during his visit to the People's Republic of China:

  - 72 HN-5A missiles
  - 30 SK-5A fire units
  - 1 CH-3A test and maintenance vehicle
  - 1 set of training equipment
  - 18 Type 80 twin-barrelled, 37 mm, antiaircraft guns
  - 3 Type 702 radar fire control apparatus
  - 34 Type 85 twin barrelled, 23 mm, anti aircraft guns
  - 4 laser guidance directors
  - 20,000 rounds of 37-mm ammunition
  - 20,000 rounds of 23-mm ammunition
  - 1 battery of 4, caliber 40 mm antiaircraft guns.

—Other Acquisitions in 1995:

- 300 "Blowpipe" missiles
- 20 Bofors 40 mm antiaircraft guns
- 11,000 rockets for portable "LAWS" rocket launcher (Range of 500 meters, perforates armor up to 65 mm thick)
- 600 "TOW" missiles with laser beam guidance and a range of 9,000 meters; fired from a surface vehicle or a helicopter
- Antitank "HOT," wire-guided missiles with a range of up to 3,500 meters
- 18 self-propelled, 155 mm guns, with an operating range of 20 kilometers
- 22 artillery pieces of various types
- 24 M-198, 155 mm guns, with an operating range of 30.5 kilometers
- 48 self-propelled, 105 mm howitzers
- 64 wheeled, armored vehicles with 90 mm guns
- 10 wheeled, armored vehicles with 12.7 mm machineguns
- 45 AMX-13 tanks
- 95 wheeled, multi-purpose HMM WM vehicles
- 30 "Gazelle" helicopters equipped with missiles firing AT [antitank] and "HOT" ammunition
- 10 "Puma" and "Super Puma" helicopters
- 4 "Ecureuil" [Squirrel] AS-350 helicopters
- 200 antiaircraft guns of Caliber 14.5, 20, 23, 38, 40, and 57 mm
- 11 sets of VCR-176 communications equipment with voice-ciphering capability
- "Racal" transceiver equipment
- "Siemens" teleprinting equipment
- "Datotex" XMP cryptographic equipment (for use down to the battalion level).

Air Force Equipment (1988-1995)

The following Air Force equipment was acquired:

- Between 1988 and 1989 10 AT-33 aircraft procured in the United States
- In June 1989 2 CN-235 aircraft acquired from the "CASA" aircraft factory in Spain
- In 1990 a new, TC-39 "Sabreliner" was acquired to replace the aircraft which crashed on 18 August 1988
- In October 1991 12 used Bell "Sea Ranger" TH-57C helicopters were obtained in the United States
- In June 1992 the receipt of four "Hercules" aircraft was confirmed
- In December 1992 "SNEB 68" "Air-to-Surface" rockets were obtained
- On 25 January 1995 Ecuadoran citizens transported 22 military type, "troop-carrying" Mercedes Benz and INOX vehicules from Chile to Ecuador, via TACNA Airways, alleging that they were commercial vehicles.
- On 27 January 1995 the Ecuadoran Armed Forces chartered an aircraft from "SAETA," a private air transport company, to fly to China and transport back to Ecuador military equipment acquired there
- On 31 January 1995 it was reported in Washington that a cargo of 200 portable surface-to-air missiles

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from Israel, earmarked for a third country, was transshipped to Ecuador
- On 2 February 1995 the Ecuadoran government arranged to acquire 25 K-fir fighter aircraft and one tanker aircraft.
- On 3 February 1995 approximately 20 tons of military equipment were procured. This equipment was transported in a SAETA [Boeing] 707 aircraft from Tel Aviv to Quito on 10 February
- The Ecuadoran Armed Forces procured 40 "Phyton" air-to-air missiles (of Israeli origin, similar to the "Shafrir") and various types of ammunition
- On 4 February 1995 two Hercules C-130 aircraft bearing an "E" flag on the vertical stabilizer were loaded at Getafe Air Base in Spain with the following military equipment: 7.62 x 51 mm ammunition, 7.62 x 79 mm ammunition, 60 mm mortar rounds, air strip cratering bombs, fragmentation bombs, delayed action bombs (provided with parachutes)
- In November 1995 the Ecuadoran Armed Forces acquired 40 "Magic II" air-to-air missiles from France
- In February 1996 the arrival in Ecuador of four K-fir fighters from Israel was confirmed (one two-place and three single-seater aircraft).

Army Equipment

The following equipment was obtained for the Ecuadoran Army:

- 30,000 40 mm HEDE grenades for HK rifles
- 30,000 "Claymore" mines
- 30,000 defensive hand grenades
- 10,000 antitank mines
- 30,000 antipersonnel mines
- 1,500 sabot rounds for the guns on AMX-13 self-propelled units
- 900 ME-M203 powder charges for 155 mm self-propelled howitzers
- On 5 February 1995 six round-trip flights were made between Quito and Tel Aviv to transport military equipment recently acquired in Israel
- On 16 March 1995 an Antonov 124/100 aircraft of Ukrainian registry with a Russian crew was stopped at the Portuguese military base of Lajes. The aircraft was coming from Bratislava, in the Czech Republic. It carried rockets for multiple, 120 mm missile launchers and installations for SAM-3 surface to air missile launchers, instead of the "medical supplies" which it was declared to be carrying.

In addition, the following items of arms and equipment have been procured:

- 50,000 rounds of .50 mm "Barret" ammunition
- 129,000 Caliber 5.56 mm rifles, which will make it possible to provide individual weapons to all Ecuadoran military personnel, including the reserves
- SAM-16 "Blowpipe" antiaircraft missiles from Great Britain and HN-5A antiaircraft missiles (similar to the "Strella")
- 14.5 mm modified "ZPN" antiaircraft machineguns, 40 mm "Bofors" twin antiaircraft guns of Caliber 37 and 23 mm
- A considerable quantity of antitank equipment, including 11,000 rockets for a portable LC "LAW" launcher; "TOW" rockets with a range of 9,000 meters; antitank, wire-guided, "HOT" and LC RPG-7V missiles
- 176 artillery tubes, including guns and howitzers. Furthermore, the most notable is the acquisition of 12 BM-21 multiple missile launchers
- In terms of light aircraft, 10 "Puma" and "Super Puma" helicopters
- Acquisition of high technology, communications equipment, particularly voice encryption and teleprinting equipment and cryptographic devices. The latter will be provided down to the battalion level.

The following items of material equipment have been procured, by type and quantity:

- 30,000 defensive grenades
- 30,000 "Claymore" mines
- 30,000 antipersonnel mines
- 10,000 antitank mines
- 1,000,000 rounds of Caliber 0.50 ammunition
- 10,000,000 rounds of 7.62 mm x 51 ammunition
- 20,000 4.2 inch HE [High explosive] grenades
- 5,000 4.2 inch HE smoke rockets
- 5,000 rounds of 12 mm BM-12 ammunition
- 10,000,000 rounds of 5.66 mm ammunition for M-16 rifles
- 1,200,000 rounds of 9 mm ammunition
- 5,000 rounds of 20 mm machinegun ammunition
- 1,000 rounds of HE ammunition for AMX tanks
- 1,000 FNC rifles (from the FAL—Belgian Light Arms Factory)
- 5,000 40 mm grenades for M-70s
- 900 155 mm powder charges for 107 guns
- 30,000 "Arges" grenades
- On 3 February 1995 the Ecuadoran Army procured 5,000,000 rounds of 5.56 mm ammunition in Canada, which have already been transported to Quito

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- The Ecuadoran Army presented a purchase order for the following material in the United States: 15 million rounds of 5.56 mm SS 109 ammunition, 1,000,000 rounds of 0.50 caliber ammunition, 1,000 81 mm mortar rounds, 1,000 rounds of ammunition for 60 mm M-38 mortars, 1,000 rounds of ammunition for 60 mm M-61 mortars, 10 81 mm mortars, 10 60 mm mortars, 10 60 mm commando mortars, 3,000 fragmentation grenades, 4,000 "LAW" antitank grenades.

The following items have been procured in Bulgaria:

- 192 surface-to-air missiles of British origin
- 64 starter motors
- 500 RPG-7 rocket launchers
- 1,000 RPG-7 rounds
- 12 BM-21 vehicles
- and 2,500 BM-21 rockets.

Navy Equipment

The following equipment was procured for the Ecuadoran Navy, by quantity and type of ammunition or equipment:

- Illuminating rounds for 280 mm guns
- 3,000 rounds of 81 mm, HE ammunition
- 1,000 rounds of 120 mm, HE ammunition
- 6 120 mm mortars
- 50,000 rounds of 120 mm tracer ammunition
- 5,000 rounds of 0.50 caliber ammunition
- 10 0.50 caliber machineguns
- 2,000 rounds of 40 mm ammunition for M-79s [grenade launchers]
- 30 40 mm grenade launchers
- 20 mine-detecting units
- 6 units of M-64 supports for 40 mm, MK-79 guns
- 6 MK-19 tripods.

The following items have been procured in the United States:

- 2,000 bulletproof vests capable of withstanding four impacts
- 1,000,000 rounds of Caliber 0.50 ammunition
- 18,000,000 rounds of 5.56 mm ammunition
- 11,000 grenades for "Fal" rifles
- 90,000 rounds of Caliber 7.62 mm ammunition for miniguns on A-37 aircraft.

The following items have been procured from various sources:

- 60, 81, and 120 mm mortar rounds
- AT [antitank] RPG, AT-PG7, and AP [armor-piercing] PG7 rockets
- Caliber 7.62 mm AK-47 and AKS-47 rifles
- SAM-14 and SAM-7 "Strella" missiles
- SAM-14 and SAM-7 "Strella" missile launchers
- Nocturnal-vision devices.

Uruguay

Uruguay: Army Commander Opposes 'Reopening' 1970's Events

PY2205000996 Buenos Aires TELAM in Spanish 1653 GMT 18 May 96

[FBIS Translated Excerpt] Montevideo, 18 May (TELAM-SNI) — Lieutenant General Raul Mermot, commander of the Uruguayan Army, stated today that rather than contributing to national unity, reopening the events and actions of the Armed Forces during the 1970's will only exacerbate radical passions.

During a ceremony in Montevideo to mark Uruguayan Army Day, which was attended by President Julio Maria Sanguinetti, Lt. Gen. Mermot stated: "Right or wrong, the Army has always acted in defense of our homeland."

The Army commander thus challenged demands by some sectors over the past few weeks that the Armed Forces should "apologize" for the action in the 1960's and 1970's and thus contribute to the reconciliation of Uruguayan society.

The speech by the Army commander came 48 hours prior to a "For the Truth, the Memory: Never Again" march in Montevideo on 20 May.

This march is convened and organized by leftist political parties, social organizations, human rights organizations, and the Uruguayan Catholic Church, to observe the 20th anniversary of the murder of Deputies Hector Gutierrez Ruiz and Zelmar Michelini.

Later in his address, Lt. Gen. Mermot said: "The Uruguayan Army would like to reiterate its vocation for peace, its democratic convictions, and its confidence in the future." [passage omitted]

The Army commander asserted: "We now seek to build a better future. The Army refuses to agree to resurrect old debates and confrontations, which tore the Uruguayan society asunder."

Uruguay: March Recalls Murdered Legislators, Missing

PY2105212296 Buenos Aires TELAM in Spanish 1104 GMT 21 May 96

[FBIS Translated Text] Montevideo, 21 May (TELAM-SNI) — Last night more than 50,000 people marched

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silently through downtown Montevideo to recall the 20th anniversary of the murder in Buenos Aires of former Uruguayan legislators Zelmar Michelini and Hector Gutierrez Ruiz.

The rally started at 1900 at the Desaparecidos de America Latina Square in Cordon neighborhood, Montevideo, and ended two hours later at Libertad Square in Montevideo where they placed thousands of white and red carnations at the foot of the peace monument.

The rally was led by a huge banner bearing the slogan "For the Truth, the Memory: Never Again," with photographs of missing Uruguayans in Argentina and Uruguay.

Behind the poster marched the widows and children of Gutierrez Ruiz and Michelini, among them Rafael Michelini, Socialist Democratic senator of the New Sector Coalition; also General Liber Seregni, former president of the Broad Front Coalition; and Montevideo Mayor Mariano Arana.

The leadership of the leftist political parties and of the labor union PIT-CNT [Interunion Workers Plenum-National Convention of Workers] were also at the head of the rally.

Like a great funeral procession the thousands of demonstrators — in absolute silence, carrying flowers, Uruguayan flags and candles — marched some 25 blocs along 18 de Julio Avenue.

When they arrived at the Libertad Square, the demonstrators broke the silence with loud applause while Michelini and Gutierrez Ruiz' widows, Matilde Rodriguez Larreta and Elvira Dellepiane placed their flowers at the foot of the peace monument.

Suddenly a military march could be heard over a loudspeaker placed on a balcony of a building on Libertad Square, but it was soon drowned by the applause of the crowd which grew louder.

Moreover, about 20 "punks" [previous word given in English] strategically placed themselves beside the peace monument began to shout slogans against the military.

Last night's rally was the largest in Montevideo since Uruguay's return to democracy in 1985.

This great support comes when a movement is demanding that the Armed Forces admit its responsibility for human rights violations and abuses during the military dictatorship that governed between 1973 and 1985.

Uruguay: Article Views 1996 Economic Prospects

PY1705234596 Montevideo EL OBSERVADOR in Spanish 30 Apr 96 pp 14, 15

[Article by Julio de Brum]

[FBIS Translated Excerpt] In 1996 the Uruguayan economy will experience a drop in inflation, a trend toward fiscal and external balance, and the effects of the arrival to the "bottom" of the recession within the framework of a regional moderate recovery. [passage omitted]

Everything indicates that the worst part of the crisis will be over during the first half of the year, but it is not sure that what comes afterwards will permit a recovery during this year. [passage omitted]

Uruguay's internal demand will continue its downward trend during 1996 as part of the process of private spending adjustment that followed the 1992 and 1994 expansions. This is why we can still expect the economy to end the year on a slightly recessive trend with a GDP showing no growth or a drop of 0.5 percent.

Within this general picture, industrial production will show positive growth rates during 1996, benefiting from a moderate Brazilian and world expansion. It will be a bad year, however, for construction, commerce, and services in general. These are the most labor intensive areas and the recovery of industrial production will not help much to improve the unemployment rate. The unemployment rate will remain around 11 percent and 1996 will have an average unemployment rate higher than 1995.

Even though the final figures on national performance during 1995 are still not available, everything seems to indicate that the fall of consumption this year was less steep than the GDP drop. The expansion of bank credits permitted, to a good extend, to sustain private spending in a context of increasing unemployment and dropping incomes. In 1995 the adjustment between demand and global supply was achieved through a strong contraction of investments and government consumption.

In 1996 the government proposes an increase in public investment and a contraction of non-personal spending. It seems difficult, however, that private investment will continue to grow in a recessive climate and the great uncertainty created by the commercial attitudes of our Mercosur [Common Market of the South] partners. In 1996 private consumption will start moving toward sustainable levels, which are more in accordance with long-term incomes. This year, therefore, we can expect a reduction of consumption greater than the GDP drop. As a consequence of that reduction, Uruguay's commercial

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and current account results will continue to improve. The current account will have a deficit of around $250 million in 1996, a reduction of $100 million compared to the previous year.

Maintaining the effort on public spending control that started in 1995 will provoke a new reduction of the public administration deficit to levels below 1.5 percent of the GDP, which is in accordance with the schedule of devaluation and inflation set up for this year. One element to consider, however, is the evolution of tax collections, because according to our projections on private consumption, total tax collections will drop. In any case, the drop in consumption is not so great that will make the corresponding loss in tax collections, if it occurs, impossible to be compensated by a greater and stricter supervision, or as a last resort, by the adjustment of utility rates.

We should not expect the state reform that was approved by Congress in 1996 to have any effect on public finances. The traditional accounting used to present government results will possibly not start showing an increased assistance to the BPS [Social Security Bank] this year. This assistance represents state contributions for funds that were taken to the AFAPs [private pension funds—expansion unknown].

We should pay special attention, in the medium term, to the evolution of global public spending. Fiscal results are the important items in a stabilization program, not the volume of spending, but this variable is key at the time of evaluating the competitiveness of the economy and the prospects for future growth.

Nominal Variables

One of 1996 government programs' most outstanding characteristics is that they try to maintain, for this year, the deep reduction of the inflation rate achieved in 1995. In fact, last year the government did not use any special tool to lower the inflation rate, but it was "helped" by the depressive regional and local climate, which provoked the strong drop in prices, marked in dollars, of many products that are traded in the region.

In 1996 the government seems determined to take independent steps to lower the inflation rate. The speed of devaluation has slowed as of April and we should expect it to slow even more in July. In a context of very low inflation rates in the region (measured in dollars) and a high degree of commercial opening, it is reasonable to expect a rapid adaptation of internal prices to the rate of devaluation.

The attached tables show the gradual drop in the inflation rate and devaluation to 20 percent for 1996. Following the slower pace of devaluation, interest rates in national currency for deposits in pesos has started a marked decline, particularly for longer-term deposits. The government decision not to lower the rate of devaluation faster has contributed, in part, to slow down the drop in interest rates. Government officials have not shown too much commitment with official goals so far.

The salary problem is the weak point of the government program. Salary increases contemplated in the budget determined a strong increase in public spending for 1996. They are also a dangerous signal for the setting of prices in the economy. The government commitment with a foreign exchange policy is not totally credible and public workers' salary increases higher than the rate of devaluation could encourage the private sector to follow suit, expecting devaluation to be higher than what is being programmed as a way to fight high salary increases. A discrepancy of this type would provoke the unnecessary overvaluation of our currency, something we must avoid.

So far the government has acted well, announcing a very restrictive general salary increase in January. The same thing should occur in May. This behavior should calm economic agents down, confirming that the budget increases had an effect only once and that agents will be compensated in the long term with the reform of the state.

Uruguay: Argentine Defense Minister Interviewed

PY2005003596 Montevideo EL OBSERVADOR in Spanish 5 May 96 pp 4, 5

[Interview with Argentine Defense Minister Oscar Camilion by Gustavo Rodriguez; place and date not given]

[FBIS Translated Excerpt] [Rodriguez] Could you elaborate on the genesis and spirit of Williamsburg, which will surely inspire the second meeting of the defense ministers of the Americas to be held in Bariloche in October?

[Camilion] Williamsburg was the venue for the first meeting of the defense ministers of the Americas. The fundamental achievement of this summit was to put on the table relations between governments at the level of defense ministers. This changed what had been a traditional approach to military relations between the United States and the other countries of the hemisphere. The Pentagon always used to stress its military component in its dealings while disregarding the fact that it was an agency of a civilian government. In sum, the spirit of Williamsburg basically seeks to guarantee and bolster civil control of the area of defense, viz the constitutional government's control of that area.

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[Rodriguez] The Armed Forces are thus playing a new role...

[Camilion] Yes. The upshot of the disappearance of the hypotheses of territorial conflicts in this part of South America is that there are new roles the Armed Forces must play to defend interests, which in the past, were not part of their task/assignment. There is a new outlook for the participation of Latin American countries in international conflicts. Peacekeeping operations have acquired a paramount importance for our Armed Forces, which result in the exchange of views and renewed experience. Other issues claim our attention, such as a new approach for the purchase of military equipment and hardware, which demands greater transparency so as to eliminate secret budgets — something which in the past gave rise to some problems.

[Rodriguez] What is Argentina's stance on hemispheric security? Argentina's perception of this matter has been — and still is — quite unusual so much so that at some international forums, it has given rise to much discussion...

[Camilion] Over the last few years, we have furthered an idea of security based on cooperation, which is inextricably intertwined with the current circumstances characterized by the nearly generalized lack of conflicts and with the need to establish — inasmuch as there are problems in some countries of the hemisphere — new modalities of cooperation. By means of measures that promote mutual confidence, like joint studies and maneuvers, we endeavor to make cooperation in security matters lay emphasis on cooperation rather than conflict. We believe that it is feasible to further active cooperation in security matters even if we are aware of the fact that some countries of the regional approach reality from a standpoint that is strictly related to the territorial borders perhaps because they have given top priority to a particular domestic issue — like drug trafficking — which is not ours.

[Rodriguez] Is it possible to reach consensus on a hemispheric security policy?

[Camilion] We believe that in what pertains to that issue we have to proceed with extreme caution since the European experience — which is the most important one concerning economic integration — shows that seeking integration in security matters is a very different kettle of fish.

As the experience in Yugoslavia showed, such an important issue as reaching agreement on risks proved to be a failure. We are going to put forward some ideas, but we are not going to press them on other countries.

[Rodriguez] It has been leaked in some Argentine diplomatic circles that your country intends to set up a regional model unit to train contingents that will join UN peacekeeping forces.

[Camilion] That is right. That is the idea behind the Campo de Mayo training center. We envisage that this will be a regional center having that specific function. If this idea progresses, we have even foreseen that the direction of this center does not necessarily have to be entrusted to an Argentine officer. This regional center will train officers in four different specialities, namely, military observers, civilian police, deployment of forces, and military staff. Some 300 servicemen are currently receiving training there. Only the United States, Canada, and Scandinavian countries have centers like this.

[Rodriguez] There is a commercial and social Mercosur [Southern Cone Common Market]. Do you think that the military Mercosur will one day become a reality?

[Camilion] I have no doubt whatsoever that the subject of defense will increasingly capture attention within Mercosur. The first thing about which one must be clear is that Mercosur does not mean a jumble of countries but rather the integration of countries into this common market. Member states continue to be different, independent; they continue to have their own personality as they are not compelled to delegate the defense of their sovereignty and interests. If we take this clear premise as a starting point, it is obvious that the inclusion of the subject of defense will tend to encourage the integration of member countries in the area of defense.

[Rodriguez] Are there any preliminary ideas on where to start?

[Camilion] Yes, we are going to start with aspects which are extremely practical. We are already exploring the possibility of making purchases jointly, such as uniforms. We are analyzing all this as a hypothesis. Moreover, and as a consequence of this, the Armed Forces have to devise ways of effectively cooperating with each other by undertaking joint maneuvers or exercises. We have practically chartered a common policy with Brazil in what pertains to the weapons using sensitive techniques.

There is also a very effective coordination between both countries in the area of nuclear cooperation on the basis of the control exerted by a bilateral agency affiliated with the UN agency headquartered in Vienna [International Atomic Agency]. It goes without saying that we have discarded the possibility of developing missiles for military purposes. [passage omitted]

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[Rodriguez] Mercosur's power will be based on one of the variables of power, which is force. How is this force manifested and how will it be manifested?

[Camilion] To begin with, we have a very clear responsibility, which is security in the South Atlantic. This responsibility shall not be delegated. We have no doubts whatsoever that the three South Atlantic states [Argentina, Brazil, Uruguay] have a task to fulfill, which obliges them to have an active presence there. To that effect, we are going to make a specific contribution — that of our Navy.

[Rodriguez] How is that going to be put into practice?

[Camilion] Argentina has an aircraft-carrier, which is at present out of commission and we deem that it must be put into commission. The aircraft of the Argentine Naval Aviation Force are now using a Brazilian aircraft-carrier. An efficient military presence in the South Atlantic is an important means to an end, namely to control marine living resources, to guarantee navigation security and rescue operations.

[Rodriguez] Is the Argentine Government intent on promoting and consolidating ties with its Mercosur partners so as to enhance the bloc's power?

[Camilion] Yes. Regional considerations are new. Thinking about defense in terms of the region, with all due prudence and insisting time and again on the fact that finally, responsibility falls on the states, is practically a reality. Mercosur will undoubtedly incorporate the dimension of defense.

Venezuela

Venezuela: Right of 'Hot Pursuit' of Guerrillas Asserted

PA2105193996 Madrid EFE in Spanish 1800 GMT 21 May 96

[FBIS Translated Text] Caracas, 21 May (EFE) — The Venezuelan Government has insisted today on the validity of "hot pursuit" of Colombian guerrillas who attack Venezuelan border posts.

Defense Minister General Moises Orozco said that this would show "maturity," because this type of chase "is not intended to conquer territory or take over a portion of a neighboring country."

"Such a decision would not endanger either Colombia's or Venezuela's sovereignty," said Orozco, who believes that the concept of "hot pursuit" is part of international law.

The Venezuelan minister added that, in any case, it is necessary to be serious "to avoid the constant harassment of Colombian guerrillas."

Orozco admitted that one way to avoid this chase is for "Colombia, in a responsible and serious manner, to place border posts opposite the posts Venezuela has all along the dividing border."

The minister said that the guerrilla incursions will not change the Caracas Government's resolve to maintain a presence in border zones, despite the risk to the Venezuelan military.

So far this year, 30 border incidents have taken place between irregular groups and Venezuelan troops, in addition to two attacks, in Catatumbo and Betania, in which three soldiers were killed.

Regarding the possibility of closing the border, proposed by some Venezuelan politicians, Orozco responded mockingly, asking that they tell him "where the door is so we can place the padlock."

The officer reminded that the Colombian-Venezuelan border is 2,200 km long and said that to totally control it one would need to place a soldier every 50 or 100 meters.

Acting Foreign Relations Minister Milos Alcalay agreed on Monday on the need to seek firm and lasting solution to the problem of guerrilla attacks, because "these are generating tensions that should not exist."

Alcalay said that the binational summit that will take place in June to discuss common border problems will be an ideal occasion to establish these solutions.

Venezuela: Comptroller Warns of Increase in Corruption

PA1705041996 Caracas EL UNIVERSAL in Spanish 9 May 96 p 1-12

[Report by Alberto De La Cruz; all quotation marks as published]

[FBIS Translated Text] During the presentation of the 1995 annual report before the leadership of Congress, Comptroller General Eduardo Roche Lander pointed out that "on the issue of corruption, there continues to be an increase in the irregular manner public resources are being managed, in the central government as well as in the state and municipal administrations."

The comptroller general stated that "administrative failures were not halted but on the contrary continued to increase, particularly by the Infrastructure Cabinet and other government agencies responsible for overseeing social programs."

While encouraging President Rafael Caldera and Congress to "lead the return to respect for the state [reinstitucionalidad]," Roche Lander warned that "we are cur-

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rently confronting an extremely difficult situation, where cases of fraud, disorganization, lack of discipline, guidelines violations, management irregularities, in addition to programs and policies that are not followed, give us a view of a tremendously inadequate public administration system. All these factors are breaking any confidence in the legitimacy and credibility of the public sector."

Ghost Ship

The comptroller queried, what State is there if its lottery system, created to underwrite social assistance programs ends up being subsidized; if it creates a currency exchange system but instead allows the sale of $4 billion more than during 1994 when there were no restrictions in effect; if the financial crisis prompts the government to accept guarantees even though there are doubts with respect to the ownership in most of the cases; if the judicial branch does little to guarantee legal rights; if it creates autonomous municipalities in open violation of legal requisites; if even for the purchase of photographic paper it requires an emergency decree to be issued; if it contracts international loans but later does not use them and is obligated to pay millions of dollars because of penalty fee clauses; and if since 1983, some six attempts to adjust the economy have failed. What type of state does the country really have? Is it, by any chance, the type where the all-powerful monster we have imagined continues to interfere, just a simple ghost ship or a hollow shell?

It is for this reason why Roche Lander predicts that if swift and effective decisions are not adopted by society in general and government leaders in particular, the state could well disappear, "if it has not yet disappeared."

He added that "because of inefficiencies and ineptitude; indolence; recurring breaches to public service ethics and daily disrespect toward the average citizen, especially the helpless; its virtual dismantling, evident in the exaggerated duplication of government agencies; management; and absence of planning; have determined that the State is currently overwhelmed by this critical and compelling reality the nation is going through."

Increase in Corruption

Roche Lander stressed that on the numerous occasions he has addressed the issue of corruption, he has done it in a clear and decisive manner. "Unfortunately, within the administration and the decentralized government, as well as the states and municipalities, the irregular management of resources continues to increase," he stated.

In this respect, he mentioned six cases against the state's patrimony that best exemplify the situation; infrastructure disorganization and ineffectiveness, the financial crisis which has not yet ended, economic problems, vulnerable public security system, unreliable legal system, and inefficient exchange controls.

He emphasized that the chronic vices of public administration can be found in the inability to control frequent violations to legal norms, nonfulfillment of goals, execution delays, severe inefficiencies in carrying out projects, and systematic absence of maintenance, as well as constant maneuvers to circumvent established controls and supervisions.

Immediately, he pointed to some concrete issues that are causing some costly damages to the country:

— Inefficiency in the management of financial subsidies.

— Operational losses by the Central Bank of Venezuela [BCV] amounting to 77 billion bolivares.

— Fogade's [Deposit Guarantee and Banking Protection Fund] outstanding debt with the BCV totalling 1,333,693,000,000 bolivares.

— Depreciation of the assets received as guarantee, with the added burden that the ownership of some of these assets is unclear, which in turn prevents any execution.

— Increase in the country's public domestic debt that tends to undermine the local financial system, raise inflation, and therefore, keeps firms from recovering.

— Increase in lack of public security and criminal activity.

— Failures, disorganization, lack of diligence, felonious irregularities within the justice system.

— Continuous flight of U.S. dollars, despite the exchange restrictions.

Decentralization

The report insists on the inseparable association between modernizing the state and decentralization.

"Unfortunately, we must point out that the regional and local governments seem hesitant contrary to the central administration, despite the fact that the issue of decentralization has been the official policy of the state for the past several years."

Roche Lander pointed out that another structural problem the state is confronting is related to omission, with respect to the current value of total public assets.

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"The states, municipalities, and decentralized agencies are unaware of the amount and value of their public assets. Neither do they current and consolidated information on the fix assets of those corporations where the state has a majority interest. In other words, we have a national government that lacks current and reliable information on its public assets so that it can adequately carry out its management responsibilities."

Likewise, the comptroller general commented on the economic situation and explained that the fiscal deficit during 1995 had increased by 39 percent compared to the previous year. During 1994, the deficit amounted to 3.4 percent of GDP, while in 1995 it was 5.9 percent of GDP.

"All of this repetitive nonfulfillment of obligations also takes place in the state and municipal governments. With respect to the states governments, the most recurrent shortcomings are oversights in the inventory of assets, disorganization in the execution of projects, financial management shortcomings, absence of corrective measures, and inadequate administration guidelines."

Concerning the municipalities, he added that the following irregularities have been observed: misappropriation of funds, lack of adequate expenditures control measures, inefficient personnel management, failures in hiring practices, limitations in project executions, oversight in formulating and executing budgets, unjustified hiring practices for tax collection.

Budget Execution Item	Executed Amount	Nonexecuted Balance From Final Allotment	Percent
Personnel expenditures	349,160,760,000	30,044,150,000	7.92
Materials and supplies	43,371,600,000	1,939,120,000	4.28
Nonpersonnel services	36,378,660,000	6,004,620,000	14.16
Real assets	50,193,760,000	45,322,410,000	47.45
Financial assets	24,707,200,000	2,792,390,000	10.15
Public debt service and reduction of other liabilities	725,637,400,000	2,063,640,000	0.28
Transferences	1,260,987,010,000	90,996,410,000	6.73
Defense and State Security expenditures	120,678,670,000	5,921,470,000	4.68
Undistributed allocations	18,519,070,000	5,345,770,000	22.40
Subtotal	2,629,634,130,000	190,429,980,000	6.75

Figures in bolivares

Summary of payments

Public debt	Amortization	Interest-commissions, other expenditures	Total payment
Domestic debt	40,792,700,000	225,145,300,000	265,938,000,000
Foreign debt	136,984,300,000	309,805,800,000	446,790,100,000
Total	177,777,000,000	534,951,100,000	712,728,100,000

Figures in bolivares

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Venezuela: Terrorist Robbery of Hospital Armory Foiled

PA1705220696 Caracas Venezolana de Television Network in Spanish 1530 GMT 13 May 96

[FBIS Translated Text] Interior Minister Jose Guillermo Andueza confirmed the arrest of five people at the Military Intelligence Directorate [DIM] headquarters, who were allegedly involved in preparing an assault on the armory at the San Martin Military Hospital.

Andueza explained that for 15 days the Disip [Directorate of Intelligence and Prevention Services] has been investigating a plan concocted by Red Flag and the 200 Revolutionary Bolivaran Movement [MBR-200]. The plan's main objective was to steal weapons from that military installation.

According to preliminary investigations, the alleged subversives had planned to rob the arsenal because they believed it was inadequately protected, which would make it an easier target.

Minister Andueza said that for this reason the Disip was expecting the assault, but the DIM found out about the plan and acted accordingly.

Venezuela: Libyan Official Discusses OPEC Oil Production

PA1805013796 Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 14 May 96 pp 8, 9

[Report on interview with 'Umar Mustafa al-Muntasir, Libyan secretary of People's External Liaison and International Cooperation Bureau, by Armando J. Pernia in Caracas, date not given: "Libyan Official Denounces 'Clandestine War' by the U.S. To Control Oil Market"]

[FBIS Translated Excerpt] The Libyan external liaison secretary denounced the "clandestine war" being waged by international corporations, especially those in the United States, to regain control over the international oil market.

In an exclusive interview granted to **REPORTE DE LA ECONOMIA**, al-Muntasir stated that OPEC is not only prepared to safeguard prices, but also the sovereignty of its members in managing the hydrocarbons business.

The Libyan official was asked about Venezuela's proposal to increase its production quota through mechanisms that would involve excluding production intended for the domestic market from total production. With respect to this issue, he was very cautious:

— Our government is unable to adopt a definite position on this issue until the proposal has been officially presented. However, the general opinion is that oil prices must be defended, the Libyan official insisted.

The Libyan official is currently in Venezuela on a two-day visit in order to carry out high-level meetings with Venezuelan Government officials and monitor the oil market. He will shortly be heading to Cartagena de Indias, Colombia, to represent his country at the Nonaligned Movement (NAL) Summit.

An interview with President Rafael Caldera is scheduled to take place today and the external liaison secretary will be delivering a letter from Libyan leader Colonel Mu'ammar al-Qadhdhafi in which he makes several observations with respect to OPEC's viability.

With respect to a global agreement within the organization to maintain high prices, al-Muntasir pointed out that he is not too optimistic in view of the fact that producing countries are facing financial requirements that are pressuring them toward a decline in the international price of oil.

[Pernia] **There is a debate currently taking place in Venezuela with respect to OPEC's viability, since it is claimed that creating price cartels would not be too effective. Where would you say OPEC's strength currently lies?**

[Al-Muntasir] In our opinion, OPEC is fully viable for two main reasons: First, because in a market as competitive as this one, the member countries have the autonomous or sovereign right to fix prices and production levels. Second, we have the political negotiations mechanism. Crude oil is valuable, and in our case it should serve as a development instrument.

[Pernia] **In any case, would a free market not be more profitable for oil-producing countries?**

[Al-Muntasir] The United States constantly talks about a free market, but unfortunately market laws are not complied with in the oil market. Production costs are much lower for OPEC countries. If we were to apply free market conditions, then oilfields, even in the United States, would be forced to shut down since they would be unprofitable. [end al-Muntasir] It is precisely the consumer countries who stand to benefit the least if markets were to be deregulated, al-Muntasir responded.

A More Progressive Stance

The Libyan external liaison secretary proposed the need for OPEC countries to adopt more progressive policies, based on the fact that international oil corporations are exercising more and more pressure to control international prices and influence the market for their own convenience.

Venezuela and Libya, al-Muntasir insisted, have been able to achieve historic accomplishments as relates

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to democratizing the manner in which crude oil is marketed, and there can be no turning back on these successes.

[Al-Muntasir] Producing countries have been able to build some very important and solid industries that manage resources in a very rational manner. [end al-Muntasir] He explained that when the corporations controlled the market they were the ones that produced whatever they wanted based on the principle of getting as much profit as possible by investing the least.

They Will Be Unable To Bring Down Consumption

[Pernia] **As relates to time, several oil experts have pointed out that the oil business has some very limited expectations. There has even been talk about substituting oil for other means of energy production. How does OPEC assess that likelihood?**

[Al-Muntasir] It is very difficult, since under the current circumstances the only thing the industrialized countries can look forward to developing is a very limited consumption reduction program. There is no energy alternative that can replace oil, at least not in the short run.

[Pernia] **However, at the local level there have been some very interesting alternative energy experiments. Are you not concerned about the possible use of solar or nuclear energy, at the local level?**

[Al-Muntasir] These alternatives are not profitable, and there is no technology sufficiently at hand to guarantee safety in the use of nuclear energy in large communities.

[Pernia] **Would competition from other nations not make OPEC oil less competitive?**

[Al-Muntasir] Our production costs continue to guarantee that our oil is still the best option.

"Since 1973, when we encouraged a strategy aimed at securing our rights as producing countries, the industrialized nations have done everything possible to regain control of the market and fix unacceptable conditions. We only have to mention the International Petroleum Agency as an example."

Beware of Deregulation

He stressed that behind events such as the Gulf War or even the external debt crisis of some Latin American and African nations, there is the need by large corporations to secure sustained — and most of all cheap — oil production. Secretary al-Muntasir described current geopolitical policies as "clandestine war."

[Al-Muntasir] There are many people who are unaware that the Arab nations are being pressured into increasing production so that they can repay the costs of the Persian Gulf war.

[Pernia] **What is your perception with respect to the opening of the Venezuelan petroleum sector?**

[Al-Muntasir] We deeply respect every country's decision with respect to its industry. However, we repeat that we are not optimistic with respect to the likelihood of a oil market that is totally open. The reason for this is that international corporations will not allow it. That is a reality which Venezuela will have to confront in its struggle toward a better future.

— There are some unethical producers who, in order to continue maintaining their current level of income and to meet external obligations, are pressuring the market to allow more production. This fact is what makes investment attempts in the petroleum sector run the risk of a sudden drop in prices. I believe that we must necessarily bring some order to the market in such a way that investment projects may have some guarantee of viability. [passage omitted]

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